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Daily Report
Central Eurasia

FBIS-SOV-95-147 *1 Aug 1995*

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Duma Official Reevaluates Foreign Policy

AU3107142695 Berlin DIE WELT in German 31 Jul 95 p 5

[Article by Vladimir Lukin, chairman of the Duma's Foreign Relations Committee: "Turning Toward Siberia"]

[FBIS Translated Text] There is nothing more banal than the claim that a country's foreign policy is based on its domestic policy — and nothing more correct. If we want to understand a country's foreign policy, we must understand its internal conditions.

From this point of view, I think that there is no completely adequate picture of Russia, neither in most centers of analyses in Russia nor in the more remote surroundings with a composed point of view — I mean, above all, the West. All judgments about Russia are still distorted by the illusion of the most recent past.

It is a basic fact that Russia is certainly not the Soviet Union. However, the fact that Russia's GDP is about equal to that of the Benelux countries is realized only with difficulty. One look at the map is sufficient to see that the country has returned to the borders of Russia before Peter the Great. As 300 years ago, Smolensk is once again the country's western bridgehead. The problem of access to the international seas is once again topical for Russia, as is the problem of secure routes to the West.

The Russian Army can certainly not be seen as an armed force with the standard of the army that was victorious in World War II. On the other hand, in the world of horrors, specters, and illusions, Russia is often still seen as a powerful imperial predator, which is ready to pounce, even though this is a country that has withdrawn its troops from all neighboring countries within a historically brief period, and that did so voluntarily, fulfilling the wishes of its neighbors.

Russia's geopolitical positions have also undergone extraordinary changes. Russia is no longer a threat to the western and southern extensions of Eurasia. It has been pushed back into the forests and steppes, to the border of permanent frost in the northeast, to the Volga bed in the southwest. The former friends, from Bulgaria to Poland, are striving to get into the other camp. The countries on the other side of its borders have turned into partners, which are holding their own, with a strategic orientation ranging from neutrality to rather amorphous forms of military and political cooperation with Russia, and with less amorphous forms of cooperation with NATO.

A total of 70 percent of Russia's borders are unsafe. Now there are three times as many bordering states than five years ago. Russia is still a large European country, but its "pressure" on Europe is hardly felt anymore, and its presence in Europe has declined considerably. Correspondingly, the relative importance of the Asian component has risen. Undeveloped, gigantic Siberia is increasingly becoming the country's geopolitical center.

I would like to point out that Russia, which is not protected by a natural geographic relief, historically feels the constant geopolitical vulnerability as an unshakable fact of its fate. Vulnerability from the west, from the south, from the east. In the country's historical memory this fear is alive, the fear of hostile coalitions at the long, vulnerable borders.

The greatest fears are aroused among the Russians by the simultaneous threat from two directions, from Europe and Asia. If such a possibility emerges, a real national psychosis develops. A remarkable outbreak of this psychosis was linked with the normalization of relations between the West and China at the end of the 1960's, at a time when our relations with the West and with China were not at their best. I suppose that the tragedy in Afghanistan would not have happened, if there had not been the feeling that one has "nothing to lose anymore," and the alliance of hostile forces from the East and the West gives rise to the obligation to keep a neutral area under control. There was only one step from this understanding of the world to real policy. This is a dangerous state of affairs. If fear continues to have its place in Russia, this is dangerous, in particular because its further steps are then unpredictable. Such an important emotional element explains much in the new Russia's policy toward the West. There is an unavoidable sequence of three stages:

— During the first stage between August 1991 and spring 1993, Russian foreign policy was dominated by romantic ideas, born from the unjustified belief that the West would appreciate the collapse of the Warsaw Pact, the USSR, and the CPSU and that it would be full of gratitude for the unilateral geopolitical concessions.

— During the second stage Moscow tried to stop the foreign policy retreat and to maintain the status, positions, and influence of the former USSR without having any reason for it. This attempt was made during the period between summer 1993 to the first meetings of the Duma at the beginning of 1994. There followed agreements with the immediate neighbors, tests of the possibilities of the CIS, a new (hardly justified) international price, "superpower" behavior. The little effect and the high price of such behavior led to the the beginning of the search for a realistic policy toward the CIS, China, and East Europe in 1994.

— During the third stage sobering set in, not only regarding uncritical romanticism but also regarding

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superpower dreams. The hopes for the West's altruism waned. It became clear that Russia's main tasks (and the most important economic partners) are at the new borders — in the CIS, in China, and partly in East Europe.

In the policy toward the CIS states the reestablishment of economic relations as well as minimum defense measures, which were supposed to prevent the fateful alienation of the immediate neighbors, were given priority.

At the enormously long border with China this is the search for a policy of long-term cooperation with the neighbor, which is growing quickly in economic terms; establishment of economic zones; interaction with the developed world; and partial uniting of resources.

In the former "sphere of influence," that is in the East European countries, it is very important to find certain modern forms of cooperation based on market economy and to reestablish relations with the former long-term partners. Here a lot can still be put into motion; here we have an area of activities not only for the West.

In this respect, Russia continues to have a defense task in the south, where the fundamentalist renewal movement is raging. The Russian shield stands from Tajikistan to the foot-hills of the Caucasus, the protection of the border is secured, for which Russia pays with its blood. And this Russian blood is spilled not only for Russia, but also for those who live farther to the west — also for those who are, for whatever incomprehensible reasons, supporting the establishment of an Islamic state in the center of Europe.

In this situation, which is not easy for Russia, the West is trying rather short-sightedly to exploit the circumstances. It is not only pushing Russia's influence out of East Europe, but is also trying to organizationally secure the integration of Russia's former allies into the Western bloc. That is why there is the problem of NATO's expansion to the east.

In my view, the situation is determined by two psychopathic views of the world. Russia lives in the old, resistant, and largely irrational psychosis of fearing a new wave of attack from the West. The West lives in the atmosphere of a psychosis, which has not been overcome and is equally irrational and which is determined by the fear of an aggressive Russia, which puts everything a stake just to raise itself to imperial standards again.

We should undergo mutual therapy. She should heal both psychoses and the United States put our nerves in order, and we should make our views of the world correspond to the new realities.

A break of several years is necessary, full of recovery, further getting to know each other, and establishment of an area of trust. In my view, this break is possible above all because the West and Russia are now fortunate enough not to have to share anything anymore.

At the moment, neither Germany nor Russia nor anybody else in Europe is a predator, which is ready for foreign policy adventures. And, therefore, in East Europe there is no vacuum. I stress again, East Europe is no vacuum. It is a group of nation states, which have changed their social system, but are not paralyzed by internal weakness. They are not in the situation: now or never. Such a situation is another, this time East European psychosis.

We should use the desired historical break in these rare circumstances: Europe lives without an external threat, and nobody "fills" this political and economic vacuum — therefore, it does not exist at all.

If, proceeding from these favorable possibilities, we do not act precipitously and thoroughly consider the concept of all-European security, which brings benefits for everyone — for Russia, for Poland, for Germany, and for Spain — we will break through the sequence of violence and wars and erect a peaceful, common home and not a new line that divides Europe.

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ITAR-TASS Carries Press Review for 1 Aug

LD0108074295 Moscow ITAR-TASS in English 0712 GMT 1 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 1 (ITAR-TASS) — The signing of an agreement on a package of military issues at the talks in Groznyy on Sunday is the principal topic in today's Moscow-based Russian newspapers.

IZVESTIYA points out that "success has really been achieved and it is really great. It is the first time over eight months of the Chechen crisis that the two sides have explicitly recorded their mutual striving to put an end to the bloodshed and start a quest, albeit a long one, for ways towards a political settlement of the conflict, the quest which would not involve military actions and not entail killings and destruction of the material foundations of living".

TRUD on the agreement signed in Groznyy:

The newspaper points out that even "a lean compromise is better than a fat lawsuit". Its opinion is that "the first major accord has been reached".

Most newspapers note at the same time that it will not be easy to implement the agreement in practice.

ROSSIYSKAYA GAZETA writes that combat formations which are not accountable to Dudayev any longer continue to operate in Chechnya. Russian Interior Minister Anatoliy Kulikov, in the interview with the newspaper admitted that in Moscow as well there are forces that are interested in a continuation of the bloodshed.

KRASNAYA ZVEZDA emphasises that "peace has been declared but it seems it is still a long way until real peace is achieved". The newspaper reports that on the first "peaceful" night in Grozny from Sunday to Monday Dudayev miltiants killed 8 and wounded 32 Russian servicemen.

"To what extent is the Chechen delegation and those who stand behind it, in control of the situation in the combat formations of Dudayev armed forces? What is the real value of an accord reached on paper if a certain 'third force' continues one-sidedly to gun down Russian officers and men".

PRAVDA believes that "hopes that the terms of the accords reached will be complied with are very fragile". The newspaper points out that Dzhokhar Dudayev in his latest remarks has "virtually disavowed" the agreements.

KOMSOMOLSKAYA PRAVDA comments on the judgement of Russia's Constitutional Court, which recognised as constitutional the Presidential decree, dated December 9, last year, on measures to stop the activiies of unlawful armed formations on the territory of Chechnya. The newspaper arrives at a conclusion that "the Chief Justice and some judges from the very outset preferred a one-sided approach", since they, having close connections with Presidential institutions, are hardly able to get rid of their influence".

TRUD on the Constitutional Court verdict.

The newspaper draws attention to the fact that three judges stated a dissenting opinion on the considered case and another five disagreed with the verdict.

"However, this does not change the essence of the matter. Under the Russian legislation, the Constitutional Court verdict is final and is not subject to appeal".

IZVESTIYA on the latest Presidential decree on new appointments in key agencies of the country (the Federal Security Service and the Main Directorate of the Guards, in particular).

The newspaper maintains that "the Chechnya-Budennovsk crisis has made General Korzhakov the most influential figure in Russian powerful agencies".

ROSSIYSKAYA GAZETA, in an article about Mikhail Barsukov, states that his advent to the post of the FSS Director "does not promise anything good to Russian crime."

KRASNAYA ZVEZDA on the forthcoming completion of a programme in summer next year to build housing for the servicemem withdrawn from Germany on funds allocated by the German government.

The newspaper points out that programme will not be able to eliminate the housing problem in the armed forces. The number of homeless commissioned and warrant officers is now more than 125,000 notwithstanding the fact that the Defence Ministry directs up to 80 per cent of capital investments allocated for it to housing construction.

ROSSIYSKAYA GAZETA believes that Russia is turning into a state which is utterly defenceless in the face of the use of "information weapon": imported technology and foreign-made communications systems in State-run and financial-and-industrial entities pose a real threat to the country's security. In order to get out of the situation, the Russian government has decided to reduce to the minimum the import of communications systems and combine the efforts of Russia's competent agencies.

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Moscow Warns Tudjman Against Joining Bosnian Conflict

LD3107175895 Moscow INTERFAX in English 1708 GMT 31 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Igor Porshnev, Aleksandr Korzun, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — The Russian authorities have informed, through diplomatic channels, Croatian President Franjo Tudjman about the Russian leadership's concern over the developments around the Muslim enclave of Bihac and other crisis spots in Bosnia, a high-ranking diplomat of the Russian Embassy in Zagreb told Interfax in an interview today.

He said the purpose of this demarche was "to warn Tudjman about possible dire consequences of the escalation of the Bosnian conflict and Croatia's participation in it."

The diplomat said the immediate goal now is to keep the situation in Bosnia under control and prevent a direct armed clash between the troops of Zagreb and Serb Krajina, a self-proclaimed republic inside Croatia.

The diplomat said that otherwise "a threat will appear of getting the army of the United Republic of Yugoslavia involved in military actions in Krajina, about which the leaders of Bosnian and Krajina Serbs have warned."

"If after Bosnia the conflict flares up in Croatia, the situation will become uncontrollable," he added. The diplomat said that "Russia is now doing its best to get this point across to both Croatians and Serbs."

Nevertheless, the diplomat said the army of the United Republic of Yugoslavia was unlikely to enter the war in the next few days "if the situation does not radically change and military operations do not affect Serb Krajina." He believes that the fall of the Moslem enclave of Bihac would trigger a Croatia military operation in Serb Krajina.

The diplomat denied reports that the Croatian army has started military operations there. "At least our embassy does not know anything about it," he explained.

The diplomat said, however, that regular Yugoslav troops took part in the capture of southwestern Bosnian towns of Bosansko-Grahovo and Glamoc.

He explained that with the loss of these town the military threat for the Serb Krajina has increased because there is a road straight to Knin from Bosansko-Grahovo and Knin is just 20 kilometers away.

The diplomat also said that the Croatian president has promoted the commander of the southern army group, active in Bosnia, to colonel general.

Croatian Envoy Denies Army Fighting in Bosnia

LD3107175295 Moscow INTERFAX in English 1708 GMT 31 Jul 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — Regular troops of the Croatian Republic are not taking part in the hostilities in Bosnia-Herzegovina, Davorin Zagorscak [name as received], acting Croatian ambassador to Moscow, said in an Interfax interview Monday.

"The fighting in Bosnia is waged by Bosnian Croats, while Zagreb's regular army does not participate," he said.

However, the diplomat noted that Presidents Alija Izetbegovic of Bosnia-Herzegovina and Franjo Tudjman of Croatia signed an agreement on cooperation, "notably in the military sphere" on July 22.

Zagorscak said that under the agreement, "if it becomes inevitable that Serbs seize the Moslem enclave of Bihac, declared a 'safe area' by the UN, Croatia may send its troops to Western Bosnia."

"The fall of Bihac could pose a serious threat to Croatia's national security," he said.

Zagorscak explained that if Serbs capture Bihac, over 150,000 Moslem refugees from that area will flee into Croatia.

In his words, nearly 400,000 refugees from Bosnia-Herzegovina are staying now in Croatia. A nearly 40 percent increase of that number would significantly harm Croatia's national interests.

Zagorscak emphasized that Serbia has been involved in the Bosnian conflict from the outset, as Croatian Foreign Minister Mate Granic said recently in a letter to the UN secretary general.

He made it clear that the Croatian Government does not intend now to resolve the Croatian Serb problem around Knin by military means. "Zagreb is prepared to negotiate with Knin Serbs in Geneva and expects that this will be the first step towards a peace settlement," he said.

Zagorscak insisted that Croatia cannot wait forever for the peace process to start. "We expect specific results shortly," he said.

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Zagorscak explained that he meant reopening of the railroad to Zagreb through Knin and a pipeline to Croatia also across the area occupied by Knin Serbs.

The diplomat praised "Moscow's balanced approach to the crisis in former Yugoslavia." "Russia is playing a constructive role in the Balkan settlement," he said.

However, he stressed that he meant "the official position of Moscow, namely of President Boris Yeltsin, the government and Foreign Ministry of Russia."

Zagorscak complained, however, that Russian mass media and certain politicos are biased in favor of the east of the former Yugoslavia.

UN Pressure on Croatia Called 'Last-Ditch Measure'

LD3107161995 Moscow ITAR-TASS World Service in Russian 1452 GMT 31 Jul 95

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Text] Moscow, 31 Jul (ITAR-TASS) — Any aggressive actions or military preparations in the area of the Yugoslav conflict look extremely out of place now and might provoke a large-scale war that will have the most unpredictable consequences. This was stated today by Mikhail Demurin, first deputy head of the Foreign Ministry Press and Information Department, to an ITAR-TASS correspondent. The official representative of the Russian foreign policy department said that special concern in the present situation is being aroused by the actions of the Croatian side, both in the region of the Muslim Bihac enclave and the Serbian Krajina and in the region along the internationally recognized border with Bosnia and Herzegovina. The Croatian leadership has been informed of Russia's position on the issue.

"Moscow," Demurin said, "is continuing to keep a close eye on the development of events in the region, and if unfavorable tendencies, which can lead to military actions flaring up right on the border, persist, it will submit the issue in the toughest possible form to the UN Security Council."

Demurin said that the Russian Foreign Ministry reminded that the Security Council, or one of its representatives, had also called on all the sides involved in the present escalation of the conflict for restraint. If necessary, he said, the world community can find appropriate and effective steps to relieve the situation in the region.

At present, Demurin said, going to the Security Council is being considered by Moscow as a last-ditch measure to put pressure on Croatia, more so, considering that recently Croatia's position has started to show positive and constructive signs.

U.S. Opposes Condemnation of Croatia

LD0108102195 Moscow ITAR-TASS World Service in Russian 0136 GMT 1 Aug 95

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Translated Text] UN, 1 Aug (ITAR-TASS) — Because of the opposition by the United States, which did not agree with the Russian proposal to condemn the latest actions of the Croatian forces, the UN Security Council was unable to give an appropriate reaction to the massive offensive by the Croatian regular army in Bosnia, thus, in essence, sending a signal to Zagreb to continue the offensive. Vasiliy Sidorov, acting permanent Russian representative at the United Nations, gave this information to an ITAR-TASS correspondent after the Security Council consultations on Monday.

"In a situation when the UN Secretariat has confirmed reports of a massive offensive by the Croatian regular forces in the western part of Bosnia, and of the shelling by the Croatians from the Bosnian territory of the sector 'south' in Croatia [Republic of Serb Krajina], the Russian Federation delegation raised the issue that the members of the Security Council should react to this extremely dangerous development in the situation by adopting a statement by the Security Council chairman that condemns the actions of the Croatian Army in Bosnia-Herzegovina and warns that such actions are inadmissible and must be stopped," reported Sidorov.

"The Russian delegation," he continued, "presented several arguments in favor of the need for a clear and tough reaction by the Security Council to this dangerous development of events. However, the Russian proposal, which was viewed with favor by many members of the Security Council, was not supported by the United States and some other countries, which tried to present the presence of the Croatian Army in Bosnian territory as allegedly legitimate, and were, in essence, ready to give the 'green light' to a continued offensive in western Bosnia. As a result of a quite lengthy and heated discussion it was deemed expedient for the Security Council chairman to make a statement to the press in which he would, in the most basic form, confirm the 16 June statement by the Security Council chairman on the inadmissibility of using military methods to settle conflicts in Bosnia and Croatia.

"The Russian delegation once again pointed out to all the members of the Security Council that such a reaction does not meet the gravity of the situation and sends signals to certain parties to continue attempts to solve

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problems by military actions," stressed the Russian representative.

NATO Air Power in Bosnia 'May Aggravate' Situation

LD3107183495 Moscow INTERFAX in English 1809 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — Moscow believes that the recent decision of the NATO Council on new far-reaching moves for the use of NATO air power against Bosnian Serbs may aggravate the situation in Bosnia-Herzegovina even more, a Russian Foreign Ministry spokesman said in a statement circulated today.

The spokesman repeated that U.N. Secretary-General Butrus Butrus-Ghali had recently decided to change the rules for using the NATO military air forces in Bosnia "by transferring the powers regarding the request for the use of NATO aviation directly to the military command of peacekeeping forces in former Yugoslavia."

The spokesman said he believed that the transfer of one of the two "keys" required for the use of NATO air power from the U.N. secretary-General and his Special Envoy to the former Yugoslavia, Yasushi Akashi, directly to military commanders ' seriously weakens the possibility of the U.N. preserving its political authority as far as the use of force against one of the parties to the Bosnian conflict is concerned."

He said this contradicts the resolution of the U.N. security Council, in line with which the use of air power must be carried out under the Security Council's supervision.

The Foreign Ministry spokesman said Moscow did not completely deny the possibility of the use of force in Bosnia-Herzegovina but "firmly insists that force can be used only if the U.N. security Council's resolutions are strictly followed."

Moscow Ready To Discuss Regular Contact Group Meeting

LD3107180495 Moscow INTERFAX in English 1708 GMT 31 Jul 95

[From the "Diplomatic Panorama" feature: By our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — Moscow is ready to discuss the Paris idea of a regular meeting of the international contact group on Bosnia at the level of foreign ministers on the condition that there is a clear agenda and the consent of the other member nations, a high-ranking Russian Foreign Ministry staffer told Interfax Monday [31 July].

According to foreign media reports, the proposal was put forward last weekend by French President Jacques Chirac.

In the words of the diplomat, "Russia believes that the future meeting of foreign ministers of contact group member-states will be useless unless it is a serious exchange of views on ways to overcome the Bosnian crisis."

In the opinion of Moscow, a priority for today is to have the Bosnian warring factions sit at a negotiating table and implement the agreement arranged by EU co-chairman of the international conference on the former Yugoslavia Carl Bildt and Serb President Slobodan Milosevic.

The agreement provides for Belgrade recognition of Bosnia and Herzegovina in exchange for long-term suspension of international sanctions against Yugoslavia.

The diplomat did not rule out the possibility that the Paris initiative will be discussed at a meeting of Russian Foreign Minister Andrey Kozyrev and U.S. secretary of State Warren Christopher scheduled for Tuesday in the Brunei capital within the framework of the ASEAN regional forum.

He said that member nations of the contact group, in particular Russia, have been working vigorously to reduce the level of fighting around the Moslem enclave of Bihac in Bosnia. As a result, the diplomat said, Krajina Serbs are withdrawing their troops from around Bihac and Bosnian Serbs do not take part in the fighting.

The diplomat added that the situation around Sarajevo and Gorazde is relatively calm.

In his words, the process started by Russian Foreign Minister Andrey Kozyrev during his stay in Belgrade is continuing.

The diplomat did not believe that these successes are durable. He emphasized that the situation remained volatile.

In his words, either political solutions will be found or the armed conflict will escalate and the UN operation will have to be called off with the ensuing disastrous consequences for the region.

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Paper Cites Criticisms of U.S. Senate Over Bosnia

MM3107091695 Moscow PRAVDA in Russian 29 Jul 95 p 3

[Article by Vladimir Peresada: "United States Under Critical Fire"]

[FBIS Translated Text] Brussels, 28 Jul — The U.S. Senate's massive vote in favor of Washington's nonobservance of the UN embargo on arms supplies to Bosnia-Herzegovina has been greeted negatively by the international community. The only official who welcomed it, for quite understandable reasons, was Bosnian Prime Minister H. Silajdzic.

The U.S. legislators' position has even drawn criticism — ranging from the restrained to the harsh — from Washington's Western partners. Even though this is not yet a state decision, (there will have to be a vote in the House of Representatives and the bill will have to be approved by President Clinton), the majority of Western countries understand that the trend toward it is clear. A number of America's closest allies, including France and Britain, have let it be known that the unilateral lifting of the embargo and Washington arms supplies to the Bosnian Muslims can only lead to an intensification of military actions, undermine the peace efforts once and for all, and accordingly call into question the expediency of the presence there of UN contingents which include West European servicemen.

If our U.S. friends assume responsibility for the withdrawal of the blue helmets, they will then have to safeguard the situation themselves, French Prime Minister A. Juppe stated. Recalling that Britain intends to withdraw its contingents from the UN units in Bosnia if there is the slightest risk of an intensification of hostilities, British Defence Secretary Rifkind stressed: "It seems strange to me that we should respond to the population's sufferings by taking from them the kind of aid that we can provide and permitting an escalation of the fighting."

"I am shocked," Belgian Foreign Minister E. de Rycke said, expressing the view that the U.S. Senate decision "could jeopardize the peace talks." The international community should take an "objective view" of the conflict, he stressed, suggesting that the "black and white plan in which the Bosnian Muslims are good and the Bosnian Serbs bad is very dangerous."

It is interesting that the U.S. Senate's "initiative" is also opposed by the leadership of the North Atlantic alliance — an organization which is in principle not easy to offend, given that in reality Washington runs the bloc. "Can the Senate really guarantee us that it will not turn into a full-scale Balkan war if the embargo is lifted and the UN forces are withdrawn?," NATO Secretary General W. Claes asked.

Among NATO members only Turkey seems to like the emerging U.S. policy of lifting the "arms embargo." According to the Turkish newspaper HURRIYET, cited by the press here, Ankara is also considering lifting the embargo on supplying weapons to the Bosnian Muslims.

Kozyrev, Christopher Hold Talks at ASEAN Forum

Weigh Bildt Initiative on Bosnia

LD0108095695 Moscow ITAR-TASS World Service in Russian 0918 GMT 1 Aug 95

[FBIS Translated Text] Bandar Seri Begawan, 1 Aug (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev today spoke out in support of the mediatory initiative of Carl Bildt, cochairman of the coordination committee of the peace conference on the former Yugoslavia, which contains a variant on a settlement to the conflict in Bosnia-Herzegovina.

As has become known here from diplomatic sources, the head of the Russian Foreign Ministry said this during his meeting with U.S. Secretary of State Warren Christopher. This initiative provides for Serbian recognition of Bosnia and the suspension of economic sanctions against Serbia.

The head of the State Department gave a guarded response to this, saying that from Washington's point of view, the Serbian forces would have to show "concrete efforts toward peace" before Bildt's initiative could be supported.

He said that before the "Contact Group" — which comprises Russia, the United States, Britain, France, and Germany — makes further efforts toward a diplomatic settlement to the conflict, Serbian troops must halt their offensive on UN "safe areas."

At the same time, Christopher welcomed the proposal Moscow made to the UN Security Council that Russia send troops to the UN peace-keeping forces in the Gorazde enclave.

Discuss Yeltsin-Clinton Summit, Bosnia

LD0108064395 Moscow ITAR-TASS in English 0638 GMT 1 Aug 95

[By Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Transcribed Text] BANDAR SERI BEGAWAN August 1 (Itar-Tass) — Preparations for an upcoming meeting between Russian President Boris Yeltsin and U.S. President Bill Clinton in New York were discussed

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by Russian Foreign Minister Andrey Kozyrev and U.S. Secretary of State Warren Christopher during an hour-long conversation at Sheraton Hotel here on Tuesday, Russian diplomatic sources have told Itar-Tass.

Kozyrev and Christopher, who are attending the ASEAN Regional Forum on security in the Asia-Pacific Region, exchanged views on concrete stages of preparation of the summit. They agreed to hold yet another intermediate preparatory meeting.

The two sides also set out their positions on the problem of settling the Bosnia crisis in the light of its current aggravation. They discussed the aggregate of prospects for a settlement of the conflict. Kozyrev and Christopher had "a susbstantive and applied exchange of views". They examined the actions of each side and of the international Contact Group as a whole, and the Bildt Plan, Russian Foreign Ministry spokesman Grigoriy Karasin has said.

Special attention was given to the NATO expansion issue. Mr Christopher said one should ponder over the issue and speak out on it so as not to upset the balance of forces that has taken shape by now. Participants in the meeting also touched upon the Organization for Security and Cooperation in Europe flanks issue, the Middle East peace process, and Sino-American relations.

At the request of the American side, the Russian Minister informed Mr Christopher of the course of the search for Fred Cuny, an American who is listed as missing in Chechnya. The meeting was "rather well-wishing and constructive," Karasin emphasised.

Discuss 'Outside Forces' in Bosnia

LD0108070895 Moscow ITAR-TASS World Service in Russian 0617 GMT 1 Aug 95

[FBIS Translated Text] Bandar Seri Begawan, 1 Aug (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev sharply condemned Croatia today for military intervention in Bosnia, but U.S. Secretary of State Warren Christopher, his partner in the talks in Brunei, thinks that the main responsibility for the exacerbation of the situation in this region still lies with the Serbs.

Speaking at a short news conference in Bandar Seri Begawan after meeting with his American colleague, Andrey Kozyrev stated that Russia will try to obtain the condemnation of Croatia in the UN Security Council. It is extremely important, according to him, that outside forces such as Croatia or Yugoslavia should not intervene in what is already a sufficiently acute situation in Bosnia and Herzegovina. Russia's foreign affairs minister stressed that the crisis in this region cannot be resolved by means of force.

Warren Christopher, however, who was asked by journalists at the news conference to comment on Kozyrev's words, stressed the need not to forget "about the source of the aggression." The outbreak of military actions was, in his opinion, clearly called forth by the actions of the Bosnian Serbs. The United States, he noted, is appealing to all the participants in the conflict in the former Yugoslavia to display restraint.

The meeting of Kozyrev and Christopher was held within the framework of the ASEAN forum which is currently taking place in the Brunei capital. Problems of security in the Pacific Ocean basin are being discussed at the forum.

Further on Kozyrev Activities at ASEAN Meeting

Views Asian-Pacific Code of Conduct

LD0108083795 Moscow ITAR-TASS in English 0811 GMT 1 Aug 95

[By Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, August 1 (Itar-Tass) — Russian Foreign Minister, addressing the current ASEAN Regional Forum [ARF] on security in the Asia-Pacific Region (APR), has suggested working out a Code of Conduct for inter-state contacts in the APR.

The ARF is being attended by 19 delegations representing countries in Asia, Europe, and North America.

The Moscow-presented draft Declaration "On principles of security and stability in the Asia-Pacific Region" could serve as a starting point for the elaboration of such a Code, Kozyrev said. The document is open for proposals and possible amendments. With this end in view, experts from various countries are invited to attend a special meeting in Moscow in spring next year.

A future security system in the APR, the Minister believes, is visualised as a package of collective measures to build confidence, to ensure greater openness of military activities and establish preventive-diplomacy and peacemaking mechanisms.

"This could be various-speed and multi-variant process — ranging from local accords to regional ones, from simple confidence-building measures to more sophisticated ones," Kozyrev said.

From the view point of Russian diplomats, new challenges of non-military nature are coming to the fore and put in jeopardy both the security of states and the safety of ordinary citizens. Such challenges include terrorism which becomes rampant and involves the use of

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increasingly deadly types of weapons. The recent events in Tokyo, Oklahoma, and Budennovsk indicate that this threat is of global nature.

The ARF, Kozyrev said, could become the most appropriate mechanism for dialogue and decision-making on all these problems.

Supports Regional Security Efforts

LD0108055795 Moscow ITAR-TASS World Service in Russian 0427 GMT 1 Aug 95

[By ITAR-TASS special correspondents Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Translated Text] Bandar Seri Begawan, 1 Aug (ITAR-TASS) — "The very logic of international life is drawing Russia and the ASEAN countries into ever closer cooperation in international affairs," Andrey Kozyrev, the Russian Federation minister of foreign affairs, stressed today. He was speaking at the ASEAN regional forum on security in the Asian-Pacific region which is taking place here. Nineteen delegations representing the countries of Asia, Europe, and North America are taking part in the forum.

The minister stated that Moscow supports the efforts of ASEAN to create a mechanism providing for security in the region. ITAR-TASS learned from informed sources that Russian proposals form the basis of a number of key provisions in the forum's final document.

Andrey Kozyrev stressed that Russia is reckoning on ASEAN's support in its effort to join the regional economic structures. Moscow has, in particular, submitted an official application for membership of the Organization of Asia Pacific Economic Cooperation (APEC). The latter has a membership of 18 states of the Asia Pacific region, including the seven ASEAN member states.

Touching on issues relating to economic cooperation between Russia and ASEAN, the minister said he was sure that "by the next time we meet we shall conclude an agreement on cooperation in the field of science and technology."

Stresses Interest in Proposed Summit

LD3107060795 Moscow ITAR-TASS World Service in Russian 0229 GMT 31 Jul 95

[By ITAR-TASS special correspondents Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Translated Text] Bandar Seri Begawan, 31 Jul (ITAR-TASS) — As a Eurasian power, Russia sees itself as a natural participant in the first Asia-Europe summit. This was stated by Russian Foreign Minister Andrey Kozyrev at a meeting with [Prince] Mohamad Bolkiah, his counterpart from Brunei, which took place here today. Russia's diplomatic chief is taking part in the international conferences being held under ASEAN's aegis in the Brunei capital.

The ITAR-TASS correspondents learned today from sources taking part in the ministers' conversation that Andrey Kozyrev stressed that Russia "is interested in participation" in the Asian-European summit conference. The Brunei minister "supported this idea in principle."

ASEAN is proposing holding a summit attended by the seven countries in the association — Brunei, Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines — as well as the People's Republic of China, South Korea, Japan, and the 15 member-states of the European Union. It has been proposed that it should be organized in Thailand in March next year.

A working conference starting today, which is being attended by representatives of the possible participants in the summit meeting, will discuss issues relating to when and where it should be convened and who should attend it.

Brokers ASEAN, CIS Cooperation

LD3007114295 Moscow ITAR-TASS World Service in Russian 1040 GMT 30 Jul 95

[By ITAR-TASS special correspondents Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Translated Text] Bandar Seri Begawan, 30 Jul (ITAR-TASS) — Russia has made a proposal to ASEAN ministers to establish cooperation between the CIS and ASEAN. Russia's Foreign Minister Andrey Kozyrev, speaking at the ASEAN-Russia consultative meeting today in his capacity as the chairman of the committee of CIS foreign ministers, said the proposal should be discussed in detail at the level of heads of state and heads of government.

The minister added that it was decided at the consultative meeting that Ajit Singh, ASEAN secretary general, should pay a visit to Moscow shortly. Kozyrev is convinced that this trip would help define some cooperation guidelines, first and foremost, in the spheres of science, technology, and economy.

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Praises 'Growing' ASEAN Role

LD3007103595 Moscow ITAR-TASS in English 1018 GMT 30 Jul 95

[By Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Transcribed Text] BANDAR SERI BEGAWAN, July 30 (Itar-Tass) — Russia is attaching much importance to the Asia-Pacific region, specifically, to the development of relations with countries of South-East Asia, Russian Foreign Minister Andrey Kozyrev stated today. He took part in the Russia-ASEAN consultative meeting, held in the capital of Brunei. ASEAN was represented at the meeting by Foreign Minister of Singapore S. Jayakumar. This regional organisation includes Brunei, Vietnam, Indonesia, Malaysia, Singapore, Thailand and the Philippines.

Kozyrev welcomed the growing role of ASEAN in regional and world affairs and praised the contribution it is making to the economic prosperity and stability in the Asia-Pacific Region. In his opinion, the joining of ASEAN by Vietnam will enhance its prestige.

Russia is a member of the ASEAN Regional Forum for security in the Asia-Pacific Region, whose session will open in Brunei on August 1. "It is a good mechanism for a joint quest for a new security model in the Asia-Pacific Region, which would correspond to the characteristic features of the region and would meet modern challenges to regional security," Kozyrev said.

Russia as a Euroasian nation should continue to take part in the processes developing in the Asia-Pacific Region, Jayakumar said. "ASEAN highly appreciates Russia's commitment and contribution to ensuring regional stability and security within the framework of the ASEAN Regional Forum." This, he continued, is reflected in Moscow's proposals on holding a regional dialogue on security. ASEAN is ready to develop, step by step, consultative relations with Russia, which will serve as a basis for long-term relations, the minister said.

A possible creation of an ASEAN-Russia committee for scientific and technical cooperation was also discussed at the meeting, Tass learned from its participants. According to ASEAN practices, the countries with which it maintains this or that form of cooperation have the right to the status of a sectoral partner of ASEAN in a dialogue. This, in its turn, paves the way to receiving the status of a full partner by a dialogue and for participating in annual international conferences of ministers. At present the European Union, the United States, Japan and some other countries maintain partnership relations of this kind with ASEAN.

Consults With PRC Foreign Minister

LD2907122095 Moscow ITAR-TASS World Service in Russian 1042 GMT 29 Jul 95

[By ITAR-TASS special correspondents Andrey Bychkov, Stanislav Bychkov, and Viktor Khrekov]

[FBIS Translated Text] Bandar Seri Begawan, 29 Jul (ITAR-TASS) — The state visit to Beijing by Russian President Boris Yeltsin, scheduled for the coming autumn, was the main theme of a meeting between the Russian and Chinese foreign ministers that took place here today. A Russian diplomat who was present at the meeting, told ITAR-TASS of the results of the meeting. Andrey Kozyrev and Qian Qichen are in Brunei to take part in a number of international conferences under the aegis of the ASEAN.

According to the diplomat, the ministers said they were satisfied with the progress of political dialogue and with concrete decisions being taken in the sphere of bilateral relations. They agreed to prepare several documents for Yeltsin's visit. The documents will focus on developing political as well as trade and economic relations between the two countries.

An understanding was also reached on a working visit to Moscow by the Chinese minister to complete the preparations for the Russian leader's trip.

Communique Issued After Talks With Uzbekistan

LD2807183395 Moscow ITAR-TASS in English 1804 GMT 28 Jul 95

[FBIS Transcribed Text] MOSCOW, July 28 (Itar-Tass) — A wide range of issues of bilateral relations, as well as international problems, including the situation in Central Asia, were discussed during the three-day visit by Russian Prime Minister Viktor Chernomyrdin to Uzbekistan which ended on Friday, says a joint Russian-Uzbek communique circulated by the Russian Foreign Ministry.

The negotiating parties informed each other on the pace of economic reforms and democratic transformations in their countries, considered in detail the two states' cooperation within the CIS framework.

The two sides noted that joint practical steps contributed to strengthening friendly relations between the two states, cooperation in the political, economic, military, and other spheres, stating at the same time that the potential of interaction at their disposal is used insufficiently.

The negotiators outlined additional measures for elevating bilateral ties to a qualitatively new level.

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It was noted that it is in the interests of both states and their citizens to maximally restore production and economic links, preserve and develop cooperation, create and uphold joint ventures, financial-industrial groups.

It was recognized expedient to promote direct ties between economic entities in Russia and Uzbekistan and an increase of the volumes of mutual supplies.

In the interests of strengthening the legal basis of trade and economic relations, the sides signed intergovernmental agreements on the main principles and areas of economic cooperation in 1996-1997, on creation of a transnational financial-industrial group "Ilyushin," on measures for insuring mutual convertibility and stabilization of exchange rates of the Russian ruble and the Uzbek sum.

Uzbekistan expressed readiness to join the customs union formed by Kazakhstan, Belarus, and Russia.

Touching upon military cooperation, the two sides stressed the importance of the May 15, 1992, Treaty on Collective Security and spoke out in favour of forming a CIS collective security system on its basis. They also agreed on further development of military-technical cooperation.

The negotiating parties signed intergovernmental agreements on cooperation in higher education, on scientific and technological cooperation, on creation of a radio-astronomic observatory "Suffa," on stepping up interaction in combating crime.

The foreign ministries of the two states signed a Programme of Cooperation.

Studying the situation in the region, the sides stressed Russia's and Uzbekistan's desire to continue strengthening cooperation and coordination of activity in the interests of ensuring peace and stability in Central Asia.

In this connection, they specially stressed the need for continuing close interaction aimed at the earliest political settlement of the conflict in Tajikistan, attainment of peace, stability, and national accord in that country.

The sides pointed to the significance of the conference-seminar on cooperation and security in Central Asia scheduled to take place in Tashkent in September.

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Political Issues

Yeltsin Decision on Action in Chechnya Ruled Legal

LD3107122595 Moscow ITAR-TASS in English 1220 GMT 31 Jul 95

[By Igor Belskiy]

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — The Russian Constitutional court ruled Monday that the decision of the Russian President to use force against armed Chechen separatists was legal, however three out of 19 judges disagreed.

Another five judges expressed disagreement with certain provisions of the verdict.

The court ruled that Yeltsin's decree of December 9, 1994 on "measures to end the activities of illegal armed formations on the territory of the Chechen republic and in the Ossetia-Ingushetia conflict" was constitutional.

However, the court also said some provisions of the government resolution on Chechnya of December 9, 1994 could be considered as anti-constitutional.

The court said two other decrees of the President, including the secret one which gave Defence Minister Pavel Grachev sweeping powers to quell the Chechen three-year old independence bid, were beyond its competence.

Further Reportage on Negotiations on Chechnya

Yeltsin, Chernomyrdin Approve Accord

LD3107173295 Moscow ITAR-TASS in English 1659 GMT 31 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — Russian President Boris Yeltsin and Prime Minister Viktor Chernomyrdin approved on Monday all provisions of the military agreement reached in Chechnya last week, presidential legal aide Mikhail Krasnov said.

Krasnov told journalists that the members of the Russian delegation to the Chechnya peace talks had a working meeting with Chernomyrdin earlier today.

They informed the premier about the make-up of the future working group that will continue negotiations on Thursday to discuss political issues and the timeframe for the preparation of a political agreement.

The sides stressed the need for the president to appoint his representative in Chechnya as soon as possible.

Krasnov said earlier that Yeltsin will name his representative in the near future, but refused to name potential candidates, saying that it is up to the president to decide who will represent him at the talks.

The president's representative will be one of the guarantors of the peace process in Chechnya. The other guarantor will be an observer commission consisting of representatives of both sides — the federal authorities and Chechen separatist leader Dzhokhar Dudayev's supporters, including his chief of staff Aslan Maskhadov.

Asked about how broad the special representative's powers in Chechnya will be, Krasnov pointed out that all decisions of the observer commission will have to be approved by him and Maskhadov.

In addition, federal armed forces stationed in the republic will be under the operational control of the president's representative.

Under the military agreement signed in Groznyy on July 30, the sides pledged to comply with four main requirements as set forth in the document. These require the parties to:

— simultaneously cease hostilities, establish a Special Observer Commission (SOC) with the participation of the Organisation for Security and Cooperation in Europe (OSCE), and exchange maps of troop location and mine fields;

— release all detainees on the basis of the all-for-all principle within a week and exchange the lists of these people;

— begin disarmament and gradual withdrawal of troops. The disarmament of illegal armed formations will have to be preceded by the disarmament of self-defence units and individuals who illegally possess firearms. During this period, the sides will withdraw their troops two to four kilometres from the frontline and then begin their gradual pullout, leaving one brigade of the Russian Interior Ministry troops and one army motorised infantry brigade;

— facilitate full end to terrorist acts and sabotage. The Chechen delegation pledged to assist the Russian side in finding and apprehending Shamil Basayev and his group charged with a terrorist act in the city of Budennovsk in June 1995.

The exclusive right to exercise control over the implementation of the agreement has been granted to the Russian president's representative in Chechnya and the Special Observer Commission co-chaired by the commander of the Russian troops in Chechnya and the chief of the general staff of Dudayev's forces.

Under the agreement, the parties agreed to resume their talks on political and economic issues on Thursday.

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Diet Members Urge Political Talks

LD3107121995 Moscow ITAR-TASS in English 1055 GMT 31 Jul 95

[By Ivan Novikov]

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — The negotiating process in Chechnya must be continued so that the military accords would be supplemented with effective agreements in the political field, Aleksandr Piskunov, Deputy Chairman of the State Duma Committee on Defence, told ITAR-TASS on Monday.

The two sides should immediately establish control over compliance with the accords reached in Groznyy, taking tough measures to prevent the documents, which have been worked out with such a difficulty, from being disavowed, and the very idea of peace talks from being discredited. The main thing is to prevent a new spiral of fighting, Piskunov said.

"Great responsibility now devolves on the leaders of the sides who will be entrusted to implement the military agreement in practice, Piskunov said, emphasising that a political settlement of the Chechen crisis depends in many respects on how the implementation of the military agreement will proceed.

Vyacheslav Nikonov, Deputy Chairman of the State Duma Commission for inquiry into the circumstances of the outbreak of the Chechen conflict, has also expressed satisfaction with the de-jure cessation of hostilities in Chechnya. In an ITAR-TASS interview, Nikonov said that political settlement matters and, most importantly, the peculiarities of the Chechen Republic's status, are now in the order of the day.

At the same time, Nikonov emphasised, "there are no grounds so far to trumpet success and regard the Chechnya conflict as being over". Field commanders pursue a policy which is independent enough. Therefore, it is not quite clear to what extent representatives of the Dudayev side at the negotiations will be able to ensure the implementation of the military agreement, the MP pointed out.

PRAVDA Questions Agreement

MM0108103995 Moscow PRAVDA in Russian 1 Aug 95 p 1

[Article by Nikolay Kozhanov: "Will Peace in Chechnya Last Long?"]

[FBIS Translated Text] So, after protracted talks that lasted many days and were constantly being interrupted "for consultations," a document has been signed in Groznyy which alludes to hope for a peaceful solution to the Chechen conflict. There is the three-stage disarmament of "illegal formations" (first gunmen, then members of the home guard, finally all who have weapons). There is the withdrawal of federal troops (either within Chechnya or outside it), the exchange of minefield charts.... Assistance has even been promised to the Russian special services to find the terrorist Basayev, who is "uncatchable" yet generously gives interviews containing global threats to Moscow.

Accord has emerged. We can both rejoice and breathe a sigh of relief. Although the Russian Government's talks with representatives of a rebellious retired general who is being sought appeared strange, it was thought that calm would come to the republic's war-ravaged land and that Russians and Chechens would stop dying in a brutal military confrontation. One thing is worrying: The hopes that the terms of the agreements that have been reached will be observed are very fragile. Who are the judges? Especially since, to judge from recent statements, Dudayev himself has made a critical assessment of the agreements. He has essentially repudiated them and has now elevated Basayev, the bandits' leader, to the rank of "national hero," although you will recall that he did all he could to disown him at the time of the slaughter in Budennovsk.

The next few days and weeks will most likely show the real worth of the signatures on the "Russian-Dudayev" document, which was drawn up in torment. Meanwhile, bullets are continuing to fly in Groznyy at night. There is talk of "uncontrolled" provocations by lone gunmen. But somehow there are just too many such "loners," if federal troops had to repulse 20 armed attacks within the city limits during the night of 30-31 July alone. When accompanied by the sounds of such a cannonade, it is rather hard to believe that this is "uncontrolled," as well as the claim that long-awaited stable peace has finally come to Chechnya.

Nonresumption of War Deemed Criterion

MM3107145595 Moscow IZVESTIYA in Russian 1 Aug 95 p 1

[Article by Teymuraz Mamaladze of the IZVESTIYA Analysis Center: "Groznyy Agreement Opens Way to Peace. Threat of War Continuing Remains"]

[FBIS Translated Text] On the night of 29-30 July the iron gates of the building in Groznyy leased by the OSCE mission were thrown open to the prospect of a peaceful solution to the Chechen crisis for the first time. The package of military issues signed on the 40th day since negotiations began envisages the immediate cessation of hostilities and the creation of special observer commissions; the exchange of prisoners

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of war and other forcibly detained persons on an "all for all" basis; disarmament, first and foremost of the illegal armed formations, and the phased withdrawal of troops; and the ending of acts of terrorism and sabotage.

Anyone involved even just once in negotiations where the participants hold diametrically opposed positions, refusing to move even one step toward each other on the main "subject" of discussion, knows what heavy, wearing, exhausting work this is. The negotiating burden is made heavier by the outside pressure — from large and small groups, ethno-social communities, and political elites. While participating directly in the negotiations, they tightly, sometimes savagely, control the negotiators, cranking up the level of unacceptable risk. In such conditions and circumstances the "sides" are brought together by an awareness of a common responsibility, and even minute progress toward the objective becomes a shared end in itself. Then comes the time of separate statements about the "great success" which has been achieved.

Success has indeed been achieved. and it is indeed great. For the first time in the eight months of the Chechen crisis the sides' mutual desire to end the bloodshed and start the long search — long but not military or entailing the eradication of human life and the destruction of its material infrastructure — for paths to a political settlement.

The sides demonstrated astonishing unanimity in terms of the ending of hostilities. But not only on this point. They were equally agreed that the agreement which has been reached could be wrecked by those forces in Moscow and Chechnya which do not want it fulfilled. And in the final analysis it is this — Who are they, these forces? — which remains the main question for us. To this day there is no intelligible answer to this question, despite a multitude of hints from the peacemakers.

The agreement reached on the package of military issues is structured on the well-known scheme: cessation of hostilities, withdrawal by the opposing sides to a designated distance, creation of a mechanism to monitor and observe compliance with the terms of the agreement which have been worked out. We have "already been through" all this in the zones of armed conflicts which have allegedly been settled with Russia's mediation. As we have already "been through" the corresponding scenario for the collapse of agreements: sporadic and spontaneous exchanges of fire, accompanied by mutual accusations of treachery; the nonwithdrawal of personnel and heavy equipment; nonfulfillment by observers of their functions or even direct connivance with the violators of agreements. The result is that peace remains in the province of computer printouts.

The peace resulting from the Groznyy accords would appear to be at risk of being blown apart. As early as the night of 30-31 July federal forces came under fire. In 16 of the 20 such episodes federal troops opened fire in response. And General Dudayev declared the illegitimacy of the agreement, "which was achieved under pressure from the Russian side."

The success of the talks, in the only correct interpretation for both sides, can only be deemed great given one immutable condition: the creation of a mechanism which would completely rule out the resumption of the war. A mechanism, of course, which also includes means for "neutralizing" forces which want it to continue.

And then, when this objective is fully achieved, it will be possible to ask why it is only now, at the end of the eighth month of the war, that the idea of negotiations was implemented, what precisely motivated Moscow to conduct them, and what might be the consequences of this step taken on the brink of a yawning abyss — the more than obvious failure of an inconsistent and ill-considered policy.

Yeltsin Facing 'Dilemma' Over Federation Council

MM3107133095 Moscow IZVESTIYA in Russian 29 Jul 95 p 1

[Report by Anatoliy Stepovoy: "The President Will Decide Who Shall Be a Senator"]

[FBIS Translated Text] Since 28 July the destiny of the Law on the Formation of the Federation Council has been entirely in the Russian president's hands. Having been legally ratified by both houses of parliament, the document now sets Boris Yeltsin a difficult task. The deputies' decision instructs the president to approve the election of senators on the basis of the population's wishes, whereas the regional elite are solidly in favor of the appointment of their representatives on the ex officio principle.

The president has already been injudicious enough to state that there will be no elections to the Federation Council. Now Boris Yeltsin faces a dilemma: Either he must accept the collective opinion of the Federal Assembly and annoy the heads of the regions, or he must veto the law and enter into open confrontation with parliament.

Yeltsin Submits Changes to Law on Deputy Status

LD3107151995 Moscow ITAR-TASS in English 1453 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — Russian President Boris Yeltsin sent State

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Duma Chairman Ivan Rybkin his conclusions concerning the draft law on changes and amendments to the law "On the Status of the Deputy of the Federation Council and the Status of the Deputy of the State Duma of the Federal Assembly of the Russian Federation," the presidential press service said on Monday.

The president also attached a number of amendments to the legislation.

Pursuant to Article 84 of the Russian Constitution, Yeltsin submitted a draft law "On the Code of Laws of the Russian Federation" to the State Duma on Monday, the press service said.

Yeltsin Signs Budget, Civil Service, Bank Laws

LD3107211795 Moscow ITAR-TASS World Service in Russian 1520 GMT 31 Jul 95

[FBIS Translated Text] Moscow, 31 July (ITAR-TASS) — Russian Federation President Boris Yeltsin today signed a federal law "On the procedure for the examination and endorsement of the federal budget for 1996," adopted by the State Duma and approved by the Federation Council, says a report from the presidential press service received by ITAR-TASS.

The head of state also signed the federal laws "On the fundamentals of the civil service of the Russian Federation" and "On introducing amendments and supplements to Article 5 of the federal law "On introducing amendments and supplements to the RSFSR law "On the Central Bank of the RSFSR (the Bank of Russia)."

1996 Budget Law Detailed

LD0108091095 Moscow ITAR-TASS in English 0856 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — Russian President Boris Yeltsin on Monday signed a law on the procedure considering and approving the 1996 federal budget. A law, a shorter period of time will be available for working out Russia's 1996 budget, the law says.

According to the law, the Russian government is due to submit a federal draft law on the federal 1996 budget to the State Duma before August 1, 1995, attaching to it a statement on preliminary results of the social and economic development of the Russian Federation in 1995, a forecast on its social and economic development in 1996 and amendments to Russia's tax legislation.

In addition, the law stipulates that within a month of the 1996 budget law coming into effect, the Russian government will submit to the Duma a quarterly draft break-down of the distribution of revenues and expenses of the 1996 budget.

In case the 1996 budget draft law is not adopted before January 1, 1996, the Duma will adopt a federal law on financing federal expenses from the federal budget in the first quarter of 1996.

Yeltsin Vetoes Amendments to Banking Laws

LD3107135495

[FBIS Editorial Report] Moscow ITAR-TASS World Service in Russian at 1251 GMT on 31 July broadcasts a two-minute on Russian President Boris Yeltsin vetoing amendments to the federal law regulating banking in Russia, ITAR-TASS news agency reports, quoting the presidential press service.

The federal law "On the Introduction of Amendments and Additions to the Law of the Russian Federation "On Banks and Banking Activity in the Russian Federation"" was passed by the State Duma on 7 July and approved by the Federation Council on 21 July. Yeltsin has written to Duma Speaker Ivan Rybkin explaining the reasons for his veto and recommending further amendments to the law, the agency said.

Yeltsin Signs Edict on Shareholders' Rights

LD0108105795 Moscow INTERFAX in English 0930 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, August 1 (INTERFAX) — Russian President Boris Yeltsin signed on Monday a decree on additional measures to ensure the rights of shareholders, reports the press service of the head of state.

The decree, notes the president, will help expand the rights of shareholders associated with the management of joint-stock companies, improve the processes concerning changes in charter capitals of the joint stock companies and will ensure the property rights of shareholders.

The document envisages that the right to participate in shareholder general meetings cannot be limited by a decision of the joint-stock company shareholders' meeting, its board of directors or other bodies or persons.

The decree says that "the company's board of directors must inform shareholders on the date of a general meeting by sending a written notification or by publishing the relevant information."

The decree says that "during the preparation and holding of the general meeting, the board of directors of the joint stock company is obliged to give to the shareholders all materials necessary for making decisions on the items included on the agenda of the general meeting,

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the draft of changes and amendments suggested to be added to the charter of the joint stock company, or the draft charter in the new edition," as well as the lists of candidates for the managerial and control bodies of the company.

'Among the materials the company is obliged to provide the shareholders during the preparation for the annual general meeting is the draft annual report of the company, the conclusion of the auditing commission and the auditor on the results of the annual audit of the joint-stock company's financial activities."

The president also introduced changes in the 1993 decree on measures to ensure the rights of shareholders.

Barsukov Endorsed as Security Council Member

LD0108092795 Moscow ITAR-TASS World Service in Russian 0920 GMT 1 Aug 95

[FBIS Translated Text] Moscow, 1 Aug (ITAR-TASS) — Russian President Boris Yeltsin issued an edict today endorsing Federal Security Service Director Mikhail Barsukov as a member of the Russian Federation Security Council. This has been reported by the Russian head of state's press service.

Expected To 'Neutralize' FSB

MM3107151195 Moscow KOMSOMOLSKAYA PRAVDA in Russian 29 Jul 95 pp 1, 2

["Own information" report: "Kremlin Plenipotentiary Barsukov To Be Based in Lubyanka"]

[FBIS Translated Text] Intelligence officers are a shrewd bunch who hold on to their experience and their ties, which is why the candidacy of their future chief was "calculated" ahead of time. It is no accident that FSB [Federal Security Service] First Deputy Director Anatoliy Safonov, who replaced the dismissed Sergey Stepashin, did not covet the post of "top counterintelligence officer."

Generally the attitude toward Mikhail Barsukov in the FSB, both before his appointment and now, is far from unequivocal. Some consider him a favorite who, because he is not a professional and because of political expediency, will finally go through the security service with a fine-tooth comb and "neutralize" it on the eve of the presidential election. Others hold the opposite opinion. Right after Barsukov's move to the Lubyanka a high-ranking figure who heads a service containing FSB generals was heard to say that, with the appearance of a "strong hand" there, certain hopes are being pinned on the special services' revival.

Barsukov, who entered the Kremlin as a lieutenant and served there through to the rank of colonel general, does indeed have great authority with and influence on the country's president. In recent years he has succeeded in turning the bodyguard directorate into a powerful organization whose influence stretches far beyond the Kremlin walls. It is believed at the Lubyanka that Barsukov is the man who will be able to "rescue" the FSB and return the department to its former glory. The big question is where the intentions of such a powerful tandem as the Main Bodyguard Directorate and the FSB will be directed. In actual fact Barsukov is subordinate to only one person — the president — who trusts him implicitly and gives him freedom of action.

For the time being the "new broom" at the Lubyanka is in no hurry to sweep clean. Having appeared at the FSB's new building (the so-called No. 1 Building, located across the street from the yellow block), Barsukov has demonstrated no obvious energetic action in his first days. The colonel general, who arrived in an impeccable civilian suit, was pleased with the inspection of his new office. For the time being his apparatus personnel are still in the same posts, although this is most probably a temporary phenomenon — here even a secretary has a higher intelligence officer education and knows how to plant a bug onto a lapel undetected. Barsukov was also pleased about the new form of address used by his subordinates — "comrade director."

So far Barsukov has held only one conference, which was attended only by deputies. It is not known what was discussed, but most probably they confined themselves to getting acquainted. The sudden appointment did not allow Barsukov to prepare a program speech, so most FSB staff are still in the dark as to his intentions. Time will tell — and will tell not only intelligence officers — what the Lubyanka's new boss now has in mind and what a man who has reprised Dzerzhinskiy's slogan about clean hands, a cool head, and fire in the belly intends to do.

Zorin Appointed First Deputy Director of FSB

LD3107151195 Moscow ITAR-TASS in English 1500 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — Russian President Boris Yeltsin signed a decree on Monday appointing Viktor Zorin as first deputy director of the Federal Security Service (FSB).

The president also relieved Zorin of his duties as head of the FSB Counterintelligence Operations Department, the presidential press service said.

The decree becomes effective as of the day of signing, the press service said.

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Kovalev To Represent Yeltsin in Parliament

LD3107162295 Moscow ITAR-TASS in English 1544 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — Russian President Boris Yeltsin on Monday [31 July] appointed Justice Minister Valentin Kovalev as his official representative at the parliamentary deliberations on a draft federal law "On the Code of Laws of the Russian Federation" to be held in both houses of the Federal Assembly, the presidential press service told ITAR-TASS on Monday.

Yeltsin Abolishes Human Rights Commission

LD3107124295 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 31 Jul 95

[FBIS Translated Text] Boris Yeltsin has decreed the abolition of the presidential Human Rights Commission. It will be reorganized into a department of the public relations directorate within the presidential staff, our radio station has learned.

The commission was chaired by prominent human rights campaigner Sergey Kovalev. However, Robert Shvelev [as heard], legal adviser to the president's chief of staff, told Ekho Moskvy that as yet there is no document ordering the abolition of the Human Rights Commission. He added that the commission is still here and need not worry today, but it might not be here tomorrow. End of quote.

Kovalev Cited on Dissolution

MK0108104695 Moscow SEGODNYA in Russian 1 Aug 95 p 2

[Report by Yelena Tregubova: "President Replaces Human Rights Commission With 'Division on Complaints.' Sergey Kovalev May Set Up Independent Human Rights Organization"]

[FBIS Translated Text] The Human Rights Commission was disbanded by presidential edict yesterday. A "Division [otdel] on Letters and Complaints Connected With Violations of Citizens' Rights" under the president's staff is being set up in its place.

Presidential Chief of Staff Sergey Filatov told your SEGODNYA correspondent yesterday that "Kovalev's commission was doing absolutely no work of late." At the same time, the president's chief of staff let it be understood that the reforming of the commission had been sparked in particular by "Kovalev's statement in the Constitutional Court on the Chechen affair, when he called the president 'a constitutional criminal.'" In Sergey Filatov's words, "it is inadmissible to make such statements directed at the president if you work for the president."

In the meantime, Sergey Kovalev does not think at all that the commission should have "worked for the president." As he noted in talking with your SEGODNYA correspondent, "the substance of yesterday's edict precisely consists in changing the commission's status." Formerly, "the Kovalev commission," under a presidential edict, had the status of an independent organization whose members worked without pay. The "division" created in its place, Sergey Kovalev is convinced, "cannot be independent by definition." "Who does in fact regularly and naturally encroach on human rights? It is the authorities, civil servants. And now, in line with the old good Soviet tradition, they want to charge bureaucrats with the protection of citizens against the same bureaucrats," Sergey Kovalev said.

According to human rights activists, the current edict was discussed "at the top" for several months "in the most diverse forms." Therefore, Kovalev is disinclined to believe that President Yeltsin was "once again set up" by having an edict that discredits himself slipped to him for signature. "I think the president was aware of what he was doing," Kovalev said.

The human rights activist is convinced that he is not going to be asked to fill a position in the new structure under the president's staff. He simultaneously vouched that he "would under no circumstances agree to become a bureaucrat in this Soviet-style 'Division on Complaints.'"

Sergey Kovalev insists that "the rights of the individual can only be protected by an organization that does not depend on power structures at all." He did not rule out that he is going to soon set up an independent human rights organization together with other members of the dissolved Human Rights Commission.

Yeltsin To Stay in Barvikha Until 'End of Week'

LD0108075295 Moscow ITAR-TASS in English 0733 GMT 1 Aug 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, August 1 (ITAR-TASS) — President Boris Yeltsin who is recovering from a heart condition in the "Barvikha" spa near Moscow, is likely to stay there until the end of the week, a spokesman of the presidential administration told Tass Tuesday.

Yeltsin's press service told Tass the President has no business meetings scheduled for Tuesday.

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Usually Yeltsin and Prime minister Viktor Chernomyrdin held their weekly meetings on Tuesday.

The sources also said that "the process of restoring the health of the President is proceeding normally and Boris Yeltsin is in a cheerful mood".

"He works a lot with documents and is preparing for upcoming meetings scheduled for this week", the press service said.

Differences Between Rybkin, Lapshin Viewed

MM0108095595 Moscow SELSKAYA ZHIZN in Russian 1 Aug 95 p 1

[Article by Marat Glinka under the "From Tuesday to Tuesday: A View of Events" rubric: "For Peace and Bread in Every Home"]

[FBIS Translated Text] Observers did not have a lot to say in the Saturday editions of many newspapers when summing up the previous week's events: Both houses of parliament have broken up for the summer recess and the leading politicians have gone off around the country, so apparently there is nothing to write about. But some of the last seven days' events, at first glance seemingly private matters, not only lifted the veil off some secret processes but also determined the course of political life for many months to come.

I shall start with something which affects country people most of all, along with other inhabitants of the country [strana] who have not lost their ties with their native soil — namely, the situation in the Agrarian Party of Russia. I am talking about the clash which some over-zealous journalists have dubbed the "story of how Ivan Petrovich quarreled with Mikhail Ivanovich." Ivan Petrovich is, of course, I.P. Rybkin, chairman of the Duma and leader of the recently formed electoral bloc which will quite possibly be given the title "SSSR" ("Union of Social Justice of Russia"). And Mikhail Ivanovich is M.I. Lapshin, chairman of the Agrarian Party of Russia [APR] and leader of the electoral association of the same name. The tension between them prompted I. Rybkin's statement that there is an accord on the creation of a single electoral bloc — the APR-SSSR. The statement was immediately rebutted by the APR leadership.

This is not surprising — parties that form blocs are usually those which cannot surmount the 5 percent barrier on their own. Parties like Yuriy Chernichenko's urban farmers' Peasant Party for example, or Vladimir Bashmachnikov's "Union of Landowners" which consists of the leaders of societies of rabbit breeders, beekeepers, and horticulturists. The approaching elections do nothing to raise their profile, but within a bloc they get the status of a leader.

It is no secret to anyone that the "left-center" bloc which was created, like the right-center bloc "Russia Is Our Home," according to President Yeltsin's decision, was initially conceived as a means of winning votes from truly left-wing candidates. The pro-government ROSSIYSKAYA GAZETA recently lamented: "The definitive formation of the bloc has, regrettably, been postponed for the moment." It explained that this was regrettable because the association could have won a considerable number of votes from those electors who, in the absence of such a wing, will support the Communists. It is no wonder that the Agrarians did not agree to such a dubious alliance — observers are unanimous in rating the party alongside Gennadiy Zyuganov's Communist Party of the Russian Federation as the best organized political force and predict success for them both in the December elections.

Speaking in Yekaterinburg last week, Mikhail Lapshin stated that "there is no quarrel between Ivan Petrovich and Mikhail Ivanovich, it is just a different attitude toward the political process known as the election campaign." In Lapshin's opinion, Boris Yeltsin's instruction to create two blocs — one left-center, one right-center — sharply aggravated the pre-election situation. People do not understand political associations initiated in response to orders from above, they understand things that emanate from life itself. The APR initially defined itself as an autonomous political force and has given no one grounds for an alternative interpretation. In accordance with the decision of the 5 April All-Russia Peasant Assembly, it is entering the elections as the broad-based electoral association called the "Agrarian Party of Russia" combining all the best elements of the peasant movement itself as well as in other spheres of life on left-center principles.

"We began cultivating this area earlier than the rest," Mikhail Lapshin stressed. "In addition to the agro-industrial complex, the Agrarian Union, the consumers' cooperative movement, and a number of related sectors, we have the trade unions of the chemical industry workers, the machine builders, the timber processing industry workers, and many others united under our banner."

According to Lapshin the elections are just one stage in that process, an incident, an individual event on that road. They are not an end in themselves. Meanwhile, Ivan Petrovich clearly believes that it is possible to bring together certain forces and win votes for a short period if you have the right slogans. In so doing, the APR leader stresses, he [Rybkin] "has made his own choice and placed himself outside our party now."

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Summarizing the APR's election slogans, Lapshin said that his party stands for a variety of forms of ownership and the market economy. It is pursuing a policy of creation rather than destruction, a policy of all-around development. The APR's slogan in the forthcoming elections is: "Peace and Bread in Every Home."

While competing independently for seats in the State Duma the APR is not averse to creating blocs in a parliament which, in the opinion of the leading observers, "will become noticeably redder" as a result of the elections. As for the presidential elections, which are not far off either, Mikhail Lapshin believes that it will be necessary to create the broadest electoral bloc which could include the Agrarians, the Communists, the Socialists, the trade unions, patriots who favor a strong state, entrepreneurs, and commodity producers — everyone who cherishes Russia.

It is becoming increasingly obvious that the country is collapsing no matter how the powers that be try to disguise that fact with talk about a stabilization that is coming soon or has already begun. Analyzing the results of the Russian economy's development in the first half of the year, specialists from the Russian Academy of Sciences Institute of National Economic Forecasting have come to the conclusion that the critical situation prevailing in agriculture is creating a real threat to the country's self-sufficiency in food. The drought which has blighted a number of regions of Russia has intensified the effect of such negative consequences of the democrats' flawed "agrarian policy" as the reduction of areas sown to crops, the reduction in yields, the reduction in livestock headcount and productivity, the massive loss of agricultural equipment, the lack of fertilizers, and so forth. None of the priority aims set out in the president's February message and enshrined in the government's program for 1995 has been achieved, specialists believe.

Hard-Line Generals Join Ryzhkov in Election Race

LD3107122395 Moscow ITAR-TASS in English 1107 GMT 31 Jul 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — A hard-line general who led the 1993 October revolt of the opposition against President Boris Yeltsin announced Monday he was joining former Soviet premier Nikolay Ryzhkov's election bloc.

Vladislav Achalov, who was arrested after the revolt was suppressed by tanks and was then amnestied by the State Duma, told a press conference that his All-Russia Officers' assembly (VOS) movement would join Ryzhkov's "Power to People" election bloc.

"VOS participants have found points of coincidence with representatives of the Power to People bloc so that to move towards the upcoming parliamentary elections in a single election association", Achalov said.

Sergey Baburin, a hard-line opposition lawmaker and head of the Russian National union, which has already joined Ryzhkov's bloc, said the Power to People would be also joined by the Association of businessmen and industrialists headed by Aleksandr Tizyakov, a ringleader of the 1991 coup against ex-Soviet President Mikhail Gorbachev, and by diehard former KGB general Aleksandr Sterligov and his Russian National assembly movement.

"The national patriotic forces are numerous and multi-faceted", Baburin said, but admitted that their weak point was the absence of unity.

Their joining of Ryzhkov's bloc shows that the "process of consolidation of the forces on the eve of parliamentary elections is going on", according to Baburin.

He added, however, that Ryzhkov's Power to People bloc had not yet held any negotiations with the "Derzhava" election bloc of former Russian vice-president Aleksandr Rutskoy who headed the 1993 October revolt against Yeltsin.

Lebed Views Russian Identity, NATO Expansion

AU0108072195 Sofia TRUD in Bulgarian 25 Jul 95 p 19

[Second of three installments of "exclusive" interview with General Aleksandr Lebed by TRUD special correspondent Dimitrina Gergova in Moscow on 13 July: "General Lebed: Chechnya Was a Rake on the Path and We Stepped on It"]

[FBIS Translated Text] [Gergova] That sounds categorical and, I would say, nationalistic.

[Lebed] There is not a gram of nationalism in me. Let us start by considering who the Russian is. The 300 years under the Tatar-Mongol yoke were not spent in vain. History does not say who slept with whom then, but it must have happened, must it not? For this reason, if you scratch a Russian, you will find a Tatar. The Ukrainians, Belarusians, and Russians were a single nation, they intermarried and children were born. Look here, I am half Russian and half Ukrainian, and there are countless people like me. If we start trying to establish who is an ethnic Russian, we will get lost in an impassable thicket. Accordingly, we take three things as a basis: Russia is my native land, Russian is my native language, and I am an adherent of Russian culture. This being so, I may be a democrat, communist, atheist, or the

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opposite. In other words, our organization stands above parties, above religion, and, last but not least, above nationalities. It is enough if you regard yourself as a Russian and want to live in a strong state and to work for this — this is our credo. Your party preferences are your own tactics, as long as we share a common strategy, namely a strong state. We will argue about tactics, and that is fine, because we seek the truth in argument.

Nominally, there are 24 million non-Russians in Russia. Now, why should we fight with them as with the people in Chechnya? We should not. We all live under the same roof, whether we like it or not. It is simply that fate has ordained that our common home is called Russia. If this home collapses, it will crush us all, no one will survive; or, for example, if the entrance is left intact for the Tatars, they will have no electricity or water, and there will be no decent life for them, only a pitiful existence in the darkness.

The realization of this very fact led to the holding of the inaugural congress of the Union of Peoples of Russia on 16 June this year. The documents were signed by solid, respected organizations that control [kontrolirat] at least 20 million Bashkirs, Tatars, Finno-Ugrian nationalities, and other peoples that populate Russia.

Until November last year, until Chechnya, Russia had the unique chance of learning from other people's mistakes, of learning from Yugoslavia. There, the cross-section of society is more or less the same as with us, but with smaller dimensions. One should look and learn, draw conclusions, and not act like them. However, this bitter experience was disregarded for some unknown reason. The rake remained on the path, waiting for you to step on it and be hit on the head with the handle. Well, it gave us a good knock, and the tanks rolled into Groznyy.

[Gergova] The Congress of Russian Communities is a product of the USSR's disintegration, is it not?

[Lebed] Yes, it turned out like this, because a vast country fell apart whose population was completely mingled together over 70 years. That was connected with the building of industries in the outlands inhabited by the nationalities. The young people graduated from some higher education establishment and went off to work, obtained apartments, married, and established their roots in new places. As long as the country was united, there were no problems, but after it split up it became clear that 25 million Russians had been cast overboard and left in foreign parts, practically speaking. Take the Dniester Region, for example. In Tiraspol alone there live 6,500 pensioners from the 14th Army, and most of them are Russians. They are elderly people with children and grandchildren. They put it like this: If someone in Russia put us at the front of the queue for a two-room apartment and said: "Grandpa, if you can get here on foot, it's yours," then I would set off without a second thought. However, no one does this. They want to return to Russia, but they have nowhere to go and have no money. In the former republics, the wave of nationalism has made the situation of the Russians intolerable. The country's disintegration brought this trouble upon us.

[Gergova] Who is responsible for this?

[Lebed] The actors are well-known; they are the three who signed the Brezhnev agreements — Yeltsin, Shushkevich, and... I forget the name of the third. Two of them are already enjoying "well-deserved retirement," while the third has been in power for over four years.

[Gergova] Do you advocate the restoration of the USSR?

[Lebed] It is senseless to talk about this, but one cannot help doing so. The restoration of the Soviet Union in its former state is not only impossible, but also unnecessary. It is, however, quite realistic to talk about something like a confederation, for example, between closely related peoples like the Russians, Ukrainians, Belarusians, and Kazakhs. In these countries, half the population is Russian.

[Gergova] It is well-known that your idol is Marshal Zhukov, who captured Berlin. Was the fall of the Berlin Wall a symbol of betrayal for you?

[Lebed] No, it was an act of common sense.

[Gergova] Do you feel nostalgic at all about the Warsaw Pact?

[Lebed] No, it was an artificially created organization, an alliance based on coercion instead of goodwill. The allies were unwilling.

[Lebed] What thoughts do you have about NATO's expansion to the east?

[Lebed] There used to be two systems, two military blocs. There was a certain logic in this: confrontation, the Cold War, we were ready for combat, and so were they. Then, all of a sudden, one of the systems collapsed, and the Warsaw Pact collapsed with it. The countries became sovereign and independent. Only NATO was left, they were left as the victors in the cold war. It seems to me that they should have wiped the sweat off their brows, taken a rest, and then started spending their money on something more sensible. However, nothing of the kind occurred. Not only did they not disarm, but

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they even intend to expand. However, every military bloc is aimed in some direction, against someone. Once a bloc exists, this means there is a potential enemy, and it is assumed that one day, sooner or later, you will come to grips with him.

The question is, who is this enemy? If it is China, then the bloc should be in another part of the world. If the enemy is in Europe, who can be NATO's enemy — the Czechs, Bulgarians, or the Poles? That is ridiculous, it is like using a sledgehammer to crack a nut. Accordingly, there is only one obvious enemy, and that is Russia. In this situation, what should Russia do against this bloc, now reinforced with new allies? Should it close its borders, denounce all treaties, and brandish its nuclear fist? If it did this, instead of reducing tension, instead of lessening the danger of a new war, it would simply enter a new orbit. In this sense, I consider that much depends on the politicians, and politics is a personal matter.

Look here, Chancellor Kohl, who enjoys such high respect, will go down in Germany's history as the man who reunified the nation, as the statesman who got rid of the occupying forces and who is now dragging his country ever higher with his strong arm of iron. Of course, it may be that not everyone loves him there. You see, he was exceptionally hard. However, the people have been electing him for 14 years and they believe in him. Yes, he is an acknowledged leader, a man of strong will, and a fair statesman. However, what guarantee is there that some day someone else may not appear who will also want to leave his mark on history? He will recall that Kaliningrad is Koenigsberg and that it lies not in Leningrad Oblast, but in East Prussia, and he will set about restoring "historical justice." Look, he may have the brainwave of making a "storm" in the taiga, instead of "Desert Storm." Everything depends on individual personalities. This same Germany now has Kohl, but 55 years ago it had Hitler.

Duma-Government Standoff on Privatization Viewed

MK0108071495 Moscow SEGODNYA in Russian 29 Jul 95 p 2

[Report by Aleksandr Bekker: "Trench Warfare on the Main Axis"]

[FBIS Translated Text] Focusing attention on the vote of no-confidence in the government, which was more reminiscent of an operetta, and the farcical attempt to impeach the president, the public seems to have missed the real conflict between the two branches of power. Just before its recess, the State Duma planted a time bomb under the Kremlin and the White House bearing the name of the "Federal Law on the Privatization of State-Owned Enterprises and the General Principles of Privatizing Municipal Enterprises in the Russian Federation." The political bottom line of the bill seems to be that everything regarding the management of state property that can be turned over from Moscow to the regions should be turned over, and whatever cannot should be placed under the deputies' control, thus relegating the State Property Committee [SPC] to the role of a scientific-research institute on privatization — and the government, to the position of construction work superintendent.

A year ago, three young parliamentarians — Burkov, Glazyev, and Gusev — channeled the unrefined standoff between the Supreme Soviet and the executive branch into the area of intellectual competition. They made 41 amendments to the government-proposed state program of post-check privatization. This adjustment was to have slowed down the pace of privatization, frozen the development of a land market, broadened the powers of the regions, and widened the prospects for state regulation of the economy. That is, they were to have seriously changed the rules of the "privatization game" and to have tipped the political balance in the State Duma's favor in the bargain. Many deputies, however, were blinded by their strong feelings on Mr. Chubays, and apparently for this reason failed to see their colleagues' subtle calculation. Unable to grasp the essence of the amendments made by Messrs. Burkov, Glazyev, and Gusev, the Duma members turned down the state program of cash privatization as a whole. This enabled President Yeltsin to introduce its main provisions by edict. For Mr. Chubays and the government this was a close shave, as the saying goes.

Sergey Burkov, head of the Privatization Committee, turned out to be a thoughtful man and a fairly good organizer. Having realized that this problem cannot be tackled head on, he switched to trench warfare. On 9 December of last year the State Duma passed a brief decree containing two paragraphs. The first paragraph deemed check privatization to be "unsatisfactory." The second insisted on "a significant adjustment to the privatization policy because the results of its first stage do not correspond to the objectives of socioeconomic reform." A month later, "the lever of Polevanov [former privatization committee chief]" was used for this purpose. After another three months the State Duma turned to the Constitutional Court, doubting that the presidential edict on the cash privatization program is in line with the country's Fundamental Law. Finally, in July, when the round was drawing to a close, so to speak, it dealt the government a double blow to the solar plexus.

At first the lower chamber passed the bill "On Disposing of Shares Reserved for Federal Ownership...," which

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effectively deprives the government of any chance of earning 9.1 trillion rubles in budget revenue, thus derailing the 1995 budget itself. Finally, on the last day of its session, the State Duma — at the initiative of Mr. Burkov's committee — launched the already mentioned bill "On the Privatization of State-Owned Enterprises...." This document stipulated the deputies' right to approve privatization programs that the White House must submit to them even before they consider the budget. At the same time, the State Duma received the right to delete enterprises and whole sectors from the list of industries slated for privatization and to ban the early sale of state-owned stakes. Except for determining the standard percentage of privatization proceeds to be remitted to the state budget, the entire legal regulation of the privatization process was handed over to the local authorities lock, stock, and barrel.

And what about a lack of qualified specialists in the regions or the arbitrary decisionmaking and graft among provincial bureaucrats? What about the inadvertent (or deliberate, as the case may be) slowing down of privatization? How can the pro-regional approach to privatization in general be fitted in with the concept of strengthening the state and the central authority, which has been widely propagated by Sergey Glazyev and Sergey Burkov? The answer, it seems, is that currently their priority is to weaken the ruling regime, while tomorrow, once they come to power, lots of things could be reversed by citing examples of unbridled irregularities on the ground.

In the law on the privatization of state enterprises the Duma abolishes the timetable for drawing up and implementing the privatization program alongside its numerical targets. Giving the reasons for that before the deputies, Mr. Burkov noted that "a switch from a 'quantitative' to an 'economic' principle of privatization will enable executive bodies to adjust their policy of economic reform." In other words, one should not rush to privatize or to sell state-owned blocks of shares, but what is needed is gradually to warm up the market to the advantage of enterprises and budgets. At the same time, however, Burkov pretends to be unaware of the fact that now the pace of privatization is not a fetish for the SPC. SPC Chairman Sergey Belyayev has frankly admitted that earning 9.1 trillion rubles is a political objective, which is binding on the committee insofar as the budget is the law. For this reason there is no procrastinating with tenders and auctions. At the same time, even Mr. Belyayev could not help exclaiming recently: "Why all this rush now? This diverts our attention from the real restructuring of enterprises, from the search for strategic investors, which will by no means end in 1995."

The SPC opened its cards to Sergey Burkov as to no other person — marketing studies and everything the committee is planning to do over the next months. It is Sergey Burkov whom Mr. Belyayev invited to become SPC deputy chairman to deal with cash privatization on behalf of the state, sizing up each strategic enterprise with a pharmacist's precision. Sergey Burkov declined the offer, but said that he now sees everything without distortions. A couple of days later, however, he gave yet another interview, restating his well-known theses about "adverse" privatization.

I think that one year ago both he and Sergey Glazyev were genuinely distressed by the apparent vices of privatization and both wanted "to eradicate the evil." But now, to all appearances, they are motivated rather by political ambitions (as a matter of fact, Messrs. Burkov and Glazyev are members of the political core of the Congress of Russian Communities, headed by Skokov and Lebed). For this reason, in particular, the State Duma spurned a proposal on the early sale of Sberbank [Savings Bank] shares. "It would be an illusion to believe that all these matters are unrelated — the oil shares, that same Sberbank, the 9 trillion rubles. Everything is interrelated," Alfred Kokh, first deputy SPC chairman remarked. This complaint by a bureaucrat should be understood to mean that the State Duma — and sometimes the sectoral ministries as well — for all their talk about investment impede an inflow of investment by their policies, while their deliberations on the interests of enterprises and the population effectively prompt companies to siphon off their money abroad — and people, to convert their savings into hard currency.

Of course, the situation is not all that hopeless. It seems that with regard to that same early sale of federally-owned stakes the government has outmaneuvered the parliament. Well, if they can't be sold, they won't. Then we will earn money from these stakes by pledging them as collateral against bank credits or by issuing convertible bonds: The stakes will remain in state ownership and money will be earned all the same.

As for the crucial question of the future of the Duma bills on disposing of federal stakes and the privatization of state enterprises, to all appearances, they will be vetoed by the president. When the Duma convenes in the fall, it will probably not have enough time to override the veto during its remaining 20 plenary sessions. But once in the hands of a new legislature, Russian privatization may turn out to be in for a very bumpy road. Messrs. Bratishchev and Malyarov, doctors of economic sciences, wrote the other day in PRAVDA that workers collectives "should thwart the current privatization policy and prepare the ground for a change of the ruling regime." How can it be thwarted?

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The scientists give an answer: "Right at the enterprises, via the self-organization of workers collectives and their struggle for control over their enterprises." In short, the civilized Messrs. Burkov and Glazyev have received allies who have shaken dust off their familiar banners of "Arise, working people, get up."

Media Issues

Korzhakov Prompts Case Against TV Journalist

MM0108103295 Moscow KOMSOMOLSKAYA PRAVDA in Russian 1 Aug 95 p 1

[Report by Natalya Purtova: "Journalist Not Responsible for Terrorist"]

[FBIS Translated Text] The Russian Federation General Prosecutor's Office case against Independent Television correspondent Yelena Masyuk for failing to provide information on the terrorist Shamil Basayev was instituted on the basis of a personal letter from Aleksandr Korzhakov, chief of the Russian Federation Presidential Security Service. Our correspondent was told this by Yelena Masyuk herself, quoting what she was told by General Prosecutor's Office investigator A. Kalinkin during her interrogation.

The case against Yelena Masyuk was instituted under Articles 189 (concealment of crime) and 190 (failure to report a crime). Article 190 clearly states that "failure to report knowledge of a crime that is being planned or has been committed" is punishable by up to three years' imprisonment. The journalist's problem was that, when interviewing Basayev with his bandits present, she did not inform the authorities of his location.

The interview took place in a population center in Nozhay-Yurtovskiy Rayon 25 June this year. Before the interview Yelena Masyuk and her cameraman were driven into the village by the gunmen. Basayev arrived somewhat later. During the interrogation, according to Masyuk, the investigator wanted to know "whether she could have run away or somehow contacted federal organs before Basayev's arrival to tell them where he was going."

We would recall that throughout the world legislation allows journalists not to divulge the location or even the names of their sources.

Military Issues

Diverse Figures for Cost of Chechen War Cited

MM0108103595 Moscow TRUD in Russian 1 Aug 95 p 1

[Unattributed boxed feature: "Chechnya: They Did Not Stint on the Cost"]

[FBIS Translated Text] Anatoliy Kulikov, the Russian minister of internal affairs, has announced "the precise figures for losses" for the federal troops during the Chechen campaign: He said that 1,867 men died, 6,481 were wounded, and 252 are missing while 36 are being held by force by the gunmen.

Salambek Khadzhiyev, the head of the Chechnya Government, cited the following figures in an interview with a foreign correspondent: Some 6,000 civilians have died, as have over 3,000 gunmen and over 4,000 Russian soldiers and officers.

According to Arkadiy Volskiy 6.8 trillion rubles [R] have been earmarked to restore the Chechen economy and there are 15 commercial banks operating in Chechnya. Some R1.8 trillion has already been assimilated.

According to some figures the Russian Armed Forces spent R1.7 trillion on the Chechen war out of their own budget alone.

Over 400,000 refugees have left Chechnya and only 66,000 have so far returned.

In Groznyy 12,000 former apartment owners have asked the authorities to provide them with housing.

Since 1993 the payment of pensions has ceased in Chechnya. The payment has now been resumed and already R54 billion have been plaid out to 60,000 people. Some R15 billion has been issued for wages.

According to government figures R2.5 trillion has been spent on combat operations in Chechnya. But according to the calculations of some independent economists billions of dollars have been spent on combat operations alone.

According to the glasnost foundation during the Chechen conflict seven journalists were killed, 21 were wounded, and 11 were beaten up and 94 people were deliberately shot at. Three have gone missing. It is a case of Russian and foreign journalists.

Kokoshin Calls For Increased Defense Spending

LD3107180395 Moscow INTERFAX in English 1634 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (INTERFAX) — Russian First Deputy Defense Minister Andrey

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Kokoshin said he deemed it necessary to increase the defense expenditure for 1996 and the following years.

The Russian Defense Ministry's information department told INTERFAX that Kokoshin had stated such an opinion at the Russian government's sitting today.

He said the defense budget must be increased in order to maintain the country's defense capacity at the appropriate level and compensate for the last four years' defense cuts.

Kokoshin said in his report that the situation regarding the financing of the armed forces and the state defense order (purchase of armaments and military equipment, research and development in the defense area, construction) was very serious.

Kokoshin said he was in favor of the government confirming the schedules for implementation of the provisions of the law on the federal budget for 1995 regarding national defense. He said that, despite numerous instructions from several deputy prime ministers, the Finance Ministry had not yet considered the schedules.

Further on Kokoshin's Remarks

MM0108093895 Moscow KRASNAYA ZVEZDA in Russian 1 Aug 95 p 1

[Own information report: "Urgent Measures Needed"]

[FBIS Translated Text] A Russian Federation Government session held 31 July discussed the results of the country's socioeconomic development and the implementation of the budget in the first half of the current year.

Andrey Kokoshin, Russian Federation first deputy minister of defense, who addressed the session, noted the highly acute situation which has taken shape in funding for the Armed Forces, the state order — the purchase of arms and military equipment — defense research and experimental design work, and capital construction, including the construction of housing for servicemen. There is a need for emergency and large-scale measures by the government and for government-approved precise timetables for the fulfillment of the 1995 federal budget law in terms of all the items under the "national defense" heading. Despite repeated instructions from several vice premiers, these timetables have not been examined by the Ministry of Finance.

A. Kokoshin also raised again the question of the need to increase defense expenditure in 1996 and subsequent years. This is needed to compensate for the sharp cuts in defense expenditure which have extended over four years and to secure the country's defense capability at the requisite level.

Gromov Views Navy's Status, Future Prospects

MM3107130395 Moscow KRASNAYA ZVEZDA in Russian 29 Jul 95 pp 1, 2

[Interview with Admiral Feliks Nikolayevich Gromov, commander in chief of the Russian Navy, by Captain 2d Rank Vladimir Maryukha, under the "Today's Interlocutor" rubric; place and date not given: "Russia's Maritime Greatness Should Never Be Doubted by Anyone" — first two paragraphs are KRASNAYA ZVEZDA introduction]

[FBIS Translated Text] **Calling Card: Admiral Feliks Nikolayevich Gromov**

Commander in chief of the Russian Navy. Graduated from the Pacific Higher Naval School. Served with the Pacific and Northern Fleets and at the Leningrad Naval Base. Commanded a destroyer, a cruiser, and a warship squadron. Formerly commander of the Northern Fleet and first deputy commander in chief of the Navy.

[Maryukha] Feliks Nikolayevich, if we were to sum up everything that has been written about Russia's Navy over the last few years, we could draw the disturbing conclusion that the Navy is being cut back, ships that have not served out their set term are at times being decommissioned, bases have been lost, and its infrastructure has fallen apart. This automatically prompts the question: Is Russia left with any Navy at all?

[Gromov] The question about the Navy's status is indeed grave. Russia's Navy today primarily consists of strategic nuclear forces performing tasks of deterrence which have been assigned to our Armed Forces. The Navy's second component are general-purpose forces like multirole submarines, surface ships, naval missile-carrying aviation, and marines. All these make up the complex of the Navy which performs the tasks assigned to it in peacetime. And we are performing these tasks with utmost reliability and adequate degree of responsibility.

At the same time, due to the country's economic position and the financing available to us at present, the Navy is experiencing serious difficulties. The following must be noted in this context: In comparison with any single European country, our potential is greater. But when compared with a bloc of countries, we are lagging behind. But even in these conditions, if our task is to prevent an attack, we do at present have a composition of forces which does, of course, enable us to resolve this task. But the maintenance of this composition of forces in combat readiness is becoming increasingly difficult.

In terms of the level of finance for ship repair, for example, we have never been able to meet the Navy's

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needs 100 percent. Today, however, this level hardly exceeds 15-20 percent. This is the main factor typical of the Navy's current status: The number of ships which need repair or have had to extend the intervals between maintenance calls is steadily growing. Yes, we do perform our combat patrol tasks; yes, our ships do embark on long-distance cruises and fly the Russian flag in foreign ports. But this involves a great strain on the Navy's forces and major shortcomings in material and technical supplies.

[Maryukha] Apparently, therefore, the question of inadequate financing for the Navy is not just a matter of how much to pay the seamen, but goes much further — to the level of state policy which determines the prospects for the Navy's development....

[Gromov] In parallel with the combat tasks being performed by the Navy, we must also bear in mind that the Navy represents, as it were, the state's technology, it reflects the country's economic might. When we call at foreign ports or participate in joint operations, we also represent the country's rather respectable economic base which — thanks to its scientific developments [razrabotka], engineering cadres, and technological standards — is capable of building ships like the aircraft-carrying cruiser Admiral Flota Sovetskogo Soyuza Kuznetsov, a unique ship carrying unique aircraft. It is simply impermissible to lose such a form of representation at international level. After all, we are not in any way inferior to anyone as regards the training of our personnel — ship commanders, officers, and seamen. Their training must benefit from the state's tangible concern and its understanding in the form of material and technical support for the Navy.

In this context I would like to mention another aspect, I could say a strategic one. Russia is a maritime power, indeed a great maritime power which is inferior to the U.S. Navy only in terms of some naval components. This is no exaggeration. And this must be maintained because the future of civilization lies not only along continental lines but mainly along maritime lines. Our shoreline stretches for 38,000 km, we have access to three oceans, access from several directions, access to complex regions involving "hot spots" and unsettled territorial questions. This is why it must be borne in mind that the Navy will remain for a long time one of the main forces which will maintain stability from the maritime direction. And in light of this is must be borne in mind and realized that designing and building the Navy takes years and a normal state shipbuilding program. For two and a half years now we have been struggling to have such a program adopted, but we have been unable to overcome [the resistance of] structures which are not interested in a strong Navy for Russia.

In other words, state policy toward the Navy must be built on the basis of three fundamental factors: Maintaining Russia's naval prestige as a great maritime power, the Navy's daily tasks, and its representative functions. This will ensure adequate financing. Although statesmen have already shown a certain attention recently.

[Maryukha] Despite everything, the Navy is plowing the oceans. Judging by the noise made by the press abroad, primarily in the United States, some people have been totally surprised by the fact that our nuclear submarines are performing combat service tasks far from Russia's shores. And this is despite the fact that the selfsame Americans are brazenly skirting the edges of our territorial waters.

[Gromov] We must train our ships' crews to sail and operate in any region. Submariners, for example, should expect to sail either under the ice or in moderate latitudes. Therefore, such cruises have been, are being, and will be undertaken — wherever it may become necessary to protect our Russian interests, be it in the Mediterranean or in the Indian Ocean.

At the same time, our forces in the Barents Sea and the Pacific have recorded the appearance of foreign ships and submarines close to Russia's shores. I would like to see fewer such approaches in Russia's littoral waters, even taking the laws of the open sea and neutral waters into account.

[Maryukha] Feliks Nikolayevich, despite all the complexity of naval seamen's life today, it is impossible not to ask: What should Russia's Navy be like, and what will it be like in the foreseeable future?

[Gromov] When it was decided that the Armed Forces should not exceed 1 percent of total population numbers, there should also have been a definition of the tasks which these troops and naval forces had to perform. What has happened is that the set tasks are out of line with the numerical strength. The existing military doctrine needs fine-tuning along certain avenues. Now is actually the time to determine the Navy's numerical strength and composition; this will be considerably more difficult in the future.

Judge for yourself. Russia's population is almost one-half that of the USSR. But the maritime borders, in terms of their length, have remained virtually the same. There have been insignificant losses only in the Baltic and the Black Sea but, in exchange, the situation in the Caspian Sea has become even more complex following the emergence of three new subjects of international maritime relations. These apparently "shortened" borders have not reduced but have actually

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sharply increased the number of tasks assigned to the Navy.

In the Black Sea, for example, the bloc of countries which were formerly in coalition with the USSR used to control virtually all of its waters; this bloc no longer exists. Add to this also the fact that the Black Sea could be described as a "hot spot." On the one side you have former Yugoslavia (which only appears to be far away), on the other side you have the Northern Caucasus region. The Navy's importance for the maintenance of a security regime in the Baltic and the Caspian Sea is also growing....

Had our politicians and legislators thoroughly analyzed the naval component of other countries' armed forces, and not just of the United States, they would have seen for themselves that it is steadily advancing. It is taking on the strategic nuclear forces because the naval component is the cheapest in terms of fire-power unit [yedinitsa bloka] costs. Furthermore, such a switch of strategic nuclear forces makes it possible to secure one's own territory both from the viewpoint of retaliatory strike and from the viewpoint of the ecology. The United States, Britain, and France, which have nuclear potentials and nuclear-powered ships, are acting in precisely this way. There is no avoiding this development. The sea is the interacting element which divides on the one hand, unites on the other hand, and is furthermore an element for resolving contradictions.

Thus, the Navy's future will fully depend on the extent to which we take into account the aforementioned trends.

[Maryukha] Although the Navy can secure Russia's territory by taking the strategic nuclear forces far out to sea, it poses another ecological problem — the recycling of decommissioned ships and nuclear submarines. This problem does not in any way affect the tasks of naval seamen in other countries, but we, just like always, are going our own way....

[Gromov] As a result of the accelerated cutbacks which we have effected over the last three years, this problem — the problem of recycling — is very serious for the Navy. Much more serious than similar problems in other branches of the Armed Forces. This is because we have to decommission ships which are still afloat rather than on firm ground, as well as having to decommission submarines which call for special attention. We have already decommissioned 130 of them, and some work has been done on unloading the active sections and making preparations for long-term elimination [otstoy] — up to the creation [sozdaniye] of regional shipbreaking facilities.

It must be noted that nobody was preparing for such operations while the [Soviet] Union was in existence; the initial theoretical work was done only in the early 1990's, when the first government decrees and directives appeared. Russia tackled these problems more energetically, but so far the bulk of the work has been done only by the Navy. Here again, everything boils down to funding. If this is a state problem — and it is indeed one — then either we should be given the full amount of funds to fully protect the regions from potential ecological consequences, or everything should be fully assigned to industry with payment in full. There are many options here, they have been examined at government sessions, and an edict by the Russian Federation president on additional measures for recycling is currently being drafted.

Thus, there is hope for positive developments in this problem's solution. Although this will still not be the problem's final solution: It is necessary to create an entire statewide system whereby this work is tackled by specialized organizations.

[Maryukha] This year the Navy had to tackle yet another job which is outside its competence — I mean the use of marines from the Northern, Pacific, and Baltic Fleets to restore constitutional order in Chechnya.

[Gromov] Yes, this was not an altogether — let us be blunt — suitable type of operation for our marines. The marines are meant to land from the sea and seize a bridgehead until the arrival of the main forces. When we were given the task to send marines to disarm gangster formations in Chechnya, we conducted field training for 20 days in the Baltic and Northern Fleets and for 25 days in the Pacific Fleet. But the field is not a city, and training for combat in cities was somewhat inadequate. Nonetheless, the marines displayed their best. I can only express profound gratitude to our marines who participated in combat in Chechnya.

[Maryukha] Since we are on the subject of people, without whose efforts the equipment for which we are short of funds would be standing idle, we should probably note that the moral and material situation today is most difficult for Black Sea Fleet [BSF] seamen — their ship composition is overshadowed by the problem of the fleet's division; although a — let us hope — final strategic solution to this problem has already been elaborated, there is still no mechanism for its implementation....

[Gromov] From whichever angle you look at it, Russia is doing everything possible in terms of concern for the BSF. Some 83 percent of the BSF's needs were financed from the Russian budget in 1993, and we have taken on its full financing in 1994. I cannot fail to express my

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thanks to Moscow City Hall, all of the capital's districts, and Moscow Mayor Yuriy Mikhaylovich Luzhkov for the concern they have shown for the BSF seamen. This concern helps to maintain the men's morale.

But not all questions have been finally resolved. Work is now being done on specific elements for the implementation of adopted decisions. Difficulties will still be encountered. The main one is the process of reform which has yet to touch this Russian fleet.

This process is inevitable, although I realize the painful effect it has on the BSF. I would like to say that we will try to implement the fleet's reform with due consideration of the agreements that have been reached, with the least loss for the fleet and with utmost concern for each and every BSF serviceman. The officers will not be forgotten, I hope that solutions will be found, we will preserve the fleet's backbone without any detriment to its combat readiness with a view to maintaining the balance of forces in the Mediterranean-Black Sea region.

[Maryukha] Comrade Admiral, we are conversing on the eve of Navy Day which, figuratively speaking, marks the beginning of the countdown to a jubilee year for all seamen — the Russian Navy's 300th anniversary. You probably have a few words to say about the upcoming jubilee not only to those who are currently serving on ships and submarines but also to our Navy veterans and all who value its 300-year-old traditions and Russia's maritime prestige.

[Gromov] The coming year must be not only a jubilee year but also a year for reinterpreting Russia's entire history which is closely interwoven with the Navy's history. After all, whenever the country was going through difficult times, all other tasks were resolved wherever the Navy gained victory. The opposite also holds true; in the wake of Tsushima, for example, Russia lost its influence in the Pacific basin for many long years. Everything that is associated with Russia's emergence as a state is also associated with the Navy. There is no getting away from this historical fact. We must reinterpret all this and take all the measures to preserve the Navy. So that, when we are maybe not celebrating but at least marking this date, we can say: The Navy is an inalienable part of Great Russia, and all measures have been taken to maintain it in normal conditions. And the seamen will respond to such decision by giving the best of themselves.

While hoping for such a positive development in our public conscience, I deem it my duty to congratulate all Russians on Navy Day, which has always been a nationwide holiday in our country. We sense the respect which the people feel for the seamen. Proof of this can be seen in the support for the Naval Center under the Russian Federation Government and the "300 Years of Russian Navy" Public Council. Even some commercial structures are beginning to show concern for seamen — like the "Morskoy Bank" or the "Rossiyskiy Kredit" Bank, for example. We cooperate closely with the Fisheries Committee and the maritime transportation department — next year's jubilee will to a certain extent also be their own. I cannot fail to congratulate the Navy veterans, who are always welcome to visit us.

I hope that, just like during the difficult post-Tsushima times for the Navy (although we are not in a Tsushima situation today), each and every Russian will sense that he is part of the Navy and of our country's maritime greatness. Only then will we, all of us together, succeed in ensuring that this greatness is not doubted by anyone.

Federal Assembly

House Speaker Shumeyko Cited on Future Plans

MK0108082595 Moscow SEGODNYA in Russian 29 Jul 95 p 1

[Report by Yelena Tregubova: "Senators Break Up for Recess Until Fall. Vladimir Shumeyko Prepares To Enter Electoral Campaign as 'Critic of Reforms'"]

[FBIS Translated Excerpt] [passage omitted] Considering the fact that only a few months remain for the chamber to continue in its present composition, the Federation Council staff has begun to "sum up" the results of the senators' work. According to statistics, the Federation Council has passed about 130 laws since January 1994, and turned down about 60. Despite the fact that the upper chamber's constitutional functions are mainly lawmaking, the senators spent the lion's share of efforts on passing all manner of decrees whose number — more than 500 — is in a marked contrast with the number of the laws considered.

The house speaker, Vladimir Shumeyko, announced, talking with journalists at the completion of the session, that yesterday he "talked with President Yeltsin on the phone" and the latter "once again" vouched he would veto the Duma version of the law on the Federation Council — which provides for having the upper chamber elected rather than formed — as "contravening the Constitution." Besides, according to the speaker, "on the president's desk" there is already a request to the Constitutional Court "on a broad spectrum of questions, including those concerning the formation of the Federation Council." If the deputies of both chambers fail to confirm before December the "constitutional" variant for the formation of the upper chamber, the president will "necessarily issue an edict."

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As for Mr. Shumeyko, who, following the approval of the "no-elections" variant of the formation of the upper chamber, has no chance at all to be in the new Federation Council, he seems to be getting ready to enter the race for other government positions. Remarkably, he let it be understood at yesterday's press conference that his image in this campaign is going to be "anti-president and anti-government," with "sharp criticism of the reforms."

Duma To File Suit on Black Sea Fleet

LD3107175795 Moscow INTERFAX in English 1634 GMT 31 Jul 95

[FBIS Transcribed Text] SEVASTOPOL, July 31 (INTERFAX) — The Russian State Duma, or lower house, Commission on the Black Sea Fleet has filed a suit to the Constitutional Court claiming that when President Boris Yeltsin rejected the law on a moratorium on unilateral cuts of the Black Sea Fleet, the relevant procedure was violated.

Konstantin Zatulin, head of the commission and of the Duma Committee on CIS Affairs and Ties with Compatriots, told a news conference this in Sevastopol Monday.

He said hearings of the case would be held in September or October 1995.

He also said that the commission was not satisfied with the draft agreement on the division of the Black Sea Fleet prepared by the Russian government, because Russia has already made many concessions to the Ukrainian side.

The Constitutional Court will also hold hearings on the legal status of Sevastopol this fall, said Zatulin. One could "with good reason consider Sevastopol a Russian city since it has never been passed to anyone," he said asking not to regard his opinion as "declaring a war on Ukraine."

Zatulin is participating in the celebration of the Russian Navy Day in Sevastopol.

Burkov Urges Passage of Trust Management Law

MK0108085295 Moscow SEGODNYA in Russian 29 Jul 95 p 2

[Report by Svetlana Lolayeva under the "Commentary" rubric: "Sergey Burkov Approves of Government Accord With Consortium. The Duma Committee Head Is Not Certain, However, That 9 Trillion Rubles Will Be Forthcoming From Banks"]

[FBIS Translated Text] The existence of an edict is better than the absence of it, Sergey Burkov, chairman of the State Duma Committee on Property, Privatization, and Economic Activity, said, commenting, at your SEGODNYA correspondent's request, on information that as early as August the president may sign an edict regulating the procedure for turning the right to manage state-owned stakes in privatized enterprises over to banks in return for loans. In Mr. Burkov's view, however, this step should be seen as a "stop-gap measure" that should be followed up by legislative regulation of this process. In his words, "the president will be unable to decide matters involving the sale of blocks of shares with a stroke of the pen" in a year or two, when contracts with banks on managing state-owned stakes expire, since under the Constitution the head of state is not entitled to dispose of this property. For this reason, Mr. Burkov reckons, it would be advisable to brief the deputies on the procedure for and the nature of the contracts to be signed with banks, to agree that these are only starting conditions, and to speed up the definitive passage of the law on managing property under trust contracts. In Sergey Burkov's words, he spoke of that at the government meeting held back on 30 March, when the bank consortium's proposals on providing a loan to the government against the security of state blocks of shares was first proposed.

Mr. Burkov holds a skeptical view of the possibility of receiving 9 trillion rubles, a sum that was mentioned during preliminary talks with the consortium, by signing an agreement with the banks. According to Sergey Burkov, since the consortium has broken up and now, if the State Property Committee can be trusted, the issue is sales by tender and individual transactions with specific banks on specific blocks of shares, the process of turning state-owned assets over for management is unlikely to unfold on a mass scale. In the words of the Duma Property Committee chairman, "no one can guarantee that the banks really have this 9 trillion." According to his information, the consortium that offered the government a loan initially talked about a much smaller sum — 1.5-2 trillion rubles.

In Sergey Burkov's opinion, when it was planned to hand blocks of shares over to the consortium, its members expected the price of shares to be much lower — and the terms of the contract, more favorable. Should it be sold by tender, however, the stock of certain enterprises may go up in price drastically, which would require much greater expenditures from the banks. Now that many enterprises are in dire straits, the banks' own reserves at the Central Bank are being ordered increased, and considerable funds are being siphoned off into the market for short-term treasury bonds, the sales by tender are unlikely to be seen by individual banks as something

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particularly attractive. Still, Sergey Burkov admitted, this procedure can help earn some money.

Regional Affairs

Reportage, Commentary on Court's Chechen Edict

Court Deputy Views Case

LD3107184395 Moscow INTERFAX in English 1748 GMT 31 Aug 95

[FBIS Transcribed Text] Moscow, July 31 (INTERFAX) — The Constitutional Court should not have ended deliberations on the president's November 30, 1994, "secret decree" on measures to restore constitutional law and order on the territory of Chechnya, even though the Court had a right to do so, deputy head of the Russian Constitutional Court Tamara Morshchakova told a news conference in Moscow Monday.

She said that about seven other judges had their own opinions on the so-called "Chechen case" verdict announced Monday.

The total number of Constitutional Court judges is 19.

According to Morshchakova, the Court ended deliberations on the decree because by the time when the hearings were held, the decree had already been repealed by the president himself. She believes that the decree should have been discussed "and, moreover, found unconstitutional."

Volskiy: No Effect on Talks

LD3107201395 Moscow Radiostantsiya Ekho Moskvy in Russian 1940 GMT 31 Jul 95

[FBIS Translated Text] In the view of Arkadiy Volskiy, member of the Russian delegation at the Groznyy talks, the Constitutional Court's decision on legality of Yeltsin's Chechen edicts will not affect the talks process in any way. Volskiy told our radio station that the Russian delegation had never pondered the legality of the presidential edicts. We realized that the separatists' activity aimed at taking Chechnya away from Russia would damage Russia enormously and would destabilize further the situation in North Caucasus. Also, Volskiy spoke about the Russian delegation to the Groznyy talks meeting Russian Prime Minister Viktor Chernomyrdin today. According to Volskiy, in addition to issues linked to the implementation of the agreement on military issues, the meeting discussed issues of security for the Russian-speaking population in connection with the withdrawal of federal troops. Volskiy said that a motor-rifle brigade and an internal troop brigade would stay in Chechnya, quite sufficient for ensuring security.

Further on Chechen Military Accord Signed in Groznyy

Kulikov Explains Cease-Fire Terms

MM0108093695 Moscow ROSSIYSKAYA GAZETA in Russian 1 Aug 95 pp 1, 2

[Report by special correspondent Vladimir Yanchenkov incorporating statements by Colonel General Anatoliy Kulikov, Russian minister of internal affairs and head of the Russian Federation government delegation at the Groznyy talks on a Chechnya settlement, made in Groznyy on 30 or 31 July: "Chechnya: On the Threshold of Peace"]

[FBIS Translated Text] Groznyy — The night of 29-30 July, which participants in the talks on a peaceful settlement to the crisis in the Chechen Republic spent in the residence of the OSCE, was truly historic. The delegation members worked intensively on finalizing an agreement on the military range of questions. Finally, the long-awaited moment arrived. At 0400 hours on 30 July, all the participants in the talks put their signatures to this highly important document.

Colonel General Anatoliy Kulikov, Russian minister of internal affairs and member of the Russian Federation government delegation, comments on the results of the talks:

[Kulikov] We have traveled a long, hard road. In the military conflict in Chechnya, over 1,800 federal servicemen have been killed, around 6,500 soldiers and officers have been wounded, and more than 250 people have gone missing in action. On behalf of the delegation I wish to express deep commiseration to the relatives and friends of those who have been killed in this war and to express the hope that, with the signing of the agreement on the military range of questions, there will be no further bitter losses.

We in the military understand better than anyone else the senselessness of continuing military operations. Further butchery can bring nothing except new casualties [sentence as published]. I want to stress that it was the Russian government and the Russian president who managed to find a constructive approach to a peaceful settlement of the conflict. But, undoubtedly, without the mutual commitment of all the negotiating sides to the success of the undertaking, the signing of the document would have been impossible.

The agreement includes four main aspects. The first is the cessation of combat operations. It comes into effect immediately; the relevant orders have been given by Anatoliy Romanov, commander of the federal group of

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troops, and by Aslan Maskhadov, chief of the main staff of Dudayev's illegal armed formations.

A special monitoring commission will be formed, chaired by Anatoliy Romanov and Aslan Maskhadov. The commission will include representatives of the Chechen Republic Committee for National Accord, the Council of Elders, the Territorial Administration of the Federal Organs of Executive Power in the Chechen Republic, representatives of Dudayev, and also authoritative citizens of Chechnya. OSCE representatives will also be included in the commission as observers. The guarantors of the fulfillment of the agreement we have signed will be the Russian Federation president's personal representative, the commander of the federal group of forces, and the chief of the main staff of the Dudayev formations.

The agreement provides for a mutual exchange of maps showing the location of troops and minefields.

The second aspect of the military range of questions is the release of persons forcibly detained by either side. An exchange of lists of such people has already taken place. We have received from Maskhadov a list featuring the names of 1,325 Russian citizens. The exchange will take place without any prior conditions; it will be wholesale, and it will take place within one week.

The most important aspect of the military range of questions is the disarmament and gradual withdrawal of troops. Disarmament is to be carried out in three stages. In the first stage all formations which are illegal from the viewpoint of the Law on Defense are to disarm; in the second stage all volunteer militiamen are to hand over their weapons; and in the third all citizens of Chechnya having weapons are to do likewise.

Weapons will be handed over according to the procedure established by law. But in view of the fact that legitimate organs of power have not yet been formed in Chechnya and that not every district has viable law-enforcement organs, self-defense detachments of between 12 and 25 men will be formed in the majority of population centers to ensure the security of the population under the control of monitoring commissions. These detachments will be issued with weapons on the obligatory condition that they are stored in their proper place.

The possibility of buying back weapons from the population, stipulated under a specially agreed instruction on disarmament, has also not been ruled out. [Kulikov ends]

At the same time as disarmament, the minister stressed, troops will be withdrawn to their permanent bases outside the republic, and also on the territory of Chechnya. The agreement stipulates that one brigade of internal troops and one Russian Federation Armed Forces motorized infantry brigade will remain in the Chechen Republic. The tasks of the internal troops brigade are defined by the law on internal troops — assisting the territorial internal affairs organs to keep public order and ensuring the safety of citizens. The motorized infantry brigade's tasks are different. They are mainly connected with the military-political situation in the east-central theater of military operations.

[Kulikov] The plan for the location of these brigades, as stipulated by the Law on Defense, will be agreed subsequently with the organs of state power of the Chechen Republic.

Finally, another important aspect of the military range of questions is the cessation of terrorist acts and sabotage. On this question the negotiating sides have made an unequivocal statement that they categorically will not accept terrorist acts or acts of sabotage. The protocol also stipulates that the Dudayev side will assist the federal troops in searching for and detaining the terrorists guilty of the tragedy in the city of Budennovsk. [Kulikov ends]

Anatoliy Kulikov frankly admitted that the agreement that has been signed has many opponents. But the signing of this document, he stressed, is in everyone's interests — ordinary Chechens, politicians, public figures, and the entire world community.

Obviously, the minister of internal affairs stated in conclusion, this agreement will be greeted without especial enthusiasm in a great variety of places: in Groznyy, in the hills, and, probably, even in Moscow. There are forces which are very concerned to keep this fire, if not burning, then at least smoldering as long as possible. But all the participants in the negotiating process are unanimous that the signing of the agreement on the political range of questions is a great victory for common sense, for good, and for justice.

That Anatoliy Kulikov's fears are not without foundation is confirmed by today's realities in Chechnya. At the moment of the signing of the agreement intensive automatic weapons fire was coming from the direction of Staropromyslovskiy Rayon, and two trip flares were activated not far from the OSCE residence — someone was approaching the building. The major population center of Shali has been effectively captured by the armed band of Dudayev's former security officer Abu Mavsayev. Endless rallies are being held in this locality in support of continuing the war. The terrorist Shamil Basayev was noticed among the protesters. According to information from authoritative sources, certain armed

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formations which have broken away from Dudayev will not accept the peace either.

On 30 July Dudayev's illegal formations attacked federal troops in Nozhay-Yortovskiy Rayon. As a result of bitter fighting 32 gunmen were killed; two Russian officers also died, and six soldiers were wounded.

On the eve of the signing of the agreement I visited the settlement of Tolstoy-Yort, where the not unknown Ruslan Labazanov is stationed with his armed detachment. On the same day a gathering of elders, religious figures, and representatives of 35 population centers was held in the village. According to a statement that they issued, those present are ready to organize the handover of weapons, but only if Labazanov, and no one else, is appointed as guarantor.

Chechnya is in political ferment. Extensive and energetic explanatory work among the population is needed more than ever. People who have lost their bearings in the complex political situation need to be reassured and inspired with the belief that, with the signing of the agreement, a line will be drawn once and for all under the senseless bloodshed and that conditions for peaceful, constructive work will finally be created. It is this task that confronts the Territorial Administration of the Federal Organs of Executive Power, the Committee for National Accord, and the Government of National Revival of the Chechen Republic.

So most important accords have been reached, ending the combat operations. But the negotiating process does not stop there. On 4 August work will continue in Groznyy on the political range of questions at the level of working groups of experts.

Prospects for Settlement Viewed

MM0108095295 Moscow ROSSIYSKIYE VESTI in Russian 1 Aug 95 p 1

[Article by Emil Pain: "Having Tasted the Fruit of a Normal Life People Will No Longer Take Up Arms"]

[FBIS Translated Text] An agreement on the military issues has finally been concluded in Groznyy. It immediately elicited a host of disputes over the prospects of an end to the war in Chechnya. I must say that in itself the agreement is no guarantee of peace but it does provide hope of a gradual solution to the Chechen crisis.

The mechanism for implementing the military accords has been fairly well written. These agreements are feasible and verifiable.

In my view Dudayev's critical attitude to the treaty will not be crucial. The point is that the treaty was signed by Maskhadov, chief of staff of Dudayev's forces, a man with just as much influence over field commanders as Dudayev himself. This makes it possible for the Russian command to start disarming the most active section of the illegal armed formations, relying at least on the neutrality of and possibly on help from the Chechen detachments under Maskhadov's jurisdiction.

But what about a political settlement? Needless to say, until the origins of the Chechen crisis have been eliminated, there is always a danger of its recurring. There might be various options for political solutions: First, the existing delegations of Dudayev's representatives and the incumbent Chechen authorities make it possible to discuss and reach agreement on the mechanisms for the organization of elections; second, these accords would be even more cogent if representatives of the third force in Chechnya — those political circles that have not taken part in either the civil war or in the military events that began in December 1994 — were to subscribe to them. I mean representatives of the democratic intelligentsia, the clergy, traditional structures, and the Chechen diaspora. This broad spectrum of forces would make it possible to create some interim organs of authority that could guarantee the elections.

Many people are saying that a Dudayev election victory is preordained, I disagree since you must distinguish between the Chechens' mood and long-term interests.

As for their mood, today after this dreadful war needless to say their sentiments might be fairly hostile toward Russia. But objectively the interests of most people are the same as the interests of all the other civilian inhabitants of Russia and other parts of the world, namely to live, raise their children, and have a chance to earn a living.... In current conditions with its totally ravaged economy Chechnya cannot satisfy these natural human requirements without contact with Russia. Therefore, if the peace process gives the Chechens time to recover from the shock and brings some practical results, the gamble on common sense will be quite justified. Having tasted the first fruits of a normal life I doubt that people will want a situation that may mean a repeat of hostilities.

Of course, organizing peace in Chechnya is a far more complex task than war. It requires tremendous self-discipline, reserves of knowledge about political techniques, and, importantly, the creation of a system of relations whereby certain decisions could be elaborated with consideration for the opinions of specialists and, most importantly, the decisions implemented. Regrettably, such instruments have not been organized today. However, I expect that with the arrival of Vyacheslav Mikhaylov — a man with a very great deal of experience of implementing policy linked with ethnic relations

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— at the Ministry of Nationalities and Regional Policy there is hope emerging that a quite functional, albeit not ideal, state institute will be established and will be able to help resolve the Chechen crisis.

Cessation of Combat Operations Ordered

LD0108083195 Moscow ITAR-TASS in English 0818 GMT 1 Aug 95

[BY Aleksandr Kharchenko and Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY, August 1 (ITAR-TASS) — Aslan Maskhadov, chief of staff of Chechen armed forces has issued an order on the "cessation of combat operations, mutual release of forcibly detained people and the cessation of terrorist acts." The text of the document came to ITAR-TASS today.

The document says in the eighth paragraph that arms and ammunition shall be voluntary surrendered in an established procedure. "Buying arms from the population, the compensation should be paid in money at 150-300 thousand roubles per gun" the document said.

Last night the situation in Groznyy was rather tense. Mortar and automatic gun fire began shortly after a curfew was imposed at 09:00 p.m. Moscow time. A military source told ITAR-TASS that commandant offices, blocking posts, check points and temporary bases of Russian troops came under fire 21 times. Fire was opened six times in retaliation. One Russian serviceman was killed, and two others wounded, including an army and an Interior servicemen.

Further on Cease-Fire Order

LD0108101995 Moscow ITAR-TASS in English 1008 GMT 1 Aug 95

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNYY, August 1 (ITAR-TASS) — Chief of staff of Chechen armed formations, Aslan Maskhadov, has issued an order "on voluntary surrender of weapons, military hardware and ammunition by armed formations and step-by step withdrawal of the Federal troops from the Chechen territory."

The document says that Maskhadov has ordered his formations to end military operations since midnight on August 2. A Chechen commandant shall be appointed to a special commission of observers sent by the command of the Chechen armed forces; officers consisting of field commanders operating on the demarcation line shall be appointed representatives to the commission of observers at villages and regions.

Chechen representatives jointly with representatives of Federal troops shall organize and make a radio and TV address to the population, instructing on the order of voluntary surrender of arms and ammunition and the conditions of the step-by-step withdrawal of Federal troops. The document envisages an exchange charts mapping out bases of both sides, radio codes and the establishment of permanent contact between Federal commanders and commanders of home guards.

Maskhadov has ordered to determine areas where the surrendered weapons shall be collected and work out the procedure of their destruction. Routes shall be mapped out for convoys of home guards formed at their request who are returning to places of their permanent residence, the document said.

When buying guns from the population, the compensation shall be paid in money at 150,000-300,000 roubles per gun. Commandants of regions and settlements shall be offered assistance in creating charts of defence facilities and the establishment of ammunition depots for self-defence, consisting of 15-25 shooting rifles, one or two machine guns and one antitank grenade launcher.

The location of guard posts to protect settlements shall be determined jointly with commandants of regions and villages. Troops shall be withdrawn to a distance of 2-4 kilometers from a settlement as soon as the surrender of weapons begins there. The storage of weapons and ammunition at ammunition depots shall be taken under control.

The document says that if a group of gunmen attacks any settlement, the commandant of the settlement or commander of home guards jointly with Russian Interior troops shall take measures to rebuff the attack and liquidate the assaulters.

The document was signed by Maskhadov on July 30.

Avturkhanov Discusses End of War

LD0108104595 Moscow Radiostantsiya Ekho Moskvy in Russian 0800 GMT 1 Aug 95

[FBIS Translated Text] The Joint Command staff reports that fighters are trying to infiltrate Groznyy and other population centers and are firing from housing developments to provoke return fire.

According to Russian military sources, clashes with weapons have broken out among the Chechen field commanders and in one such conflict one field commander has already been killed and two others wounded.

The staff press center also reports that many field commanders are refusing to go on taking part in the war and that some fighters close to Dudayev are thinking of seizing power by force.

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Meanwhile, Umar Avturkhanov, head of the Committee for National Conciliation of Chechnya, considers that Dudayev is no longer deciding anything:

[Begin Avturkhanov recording] The real political power of those people who rule today — it is really the field commanders who are now acting on the minds of those people who stand behind them and in connection with the talks they have all dispersed from the mountains. There is practically no front as such, there are separate groups. They will now establish mutual contact, try to seize population centers, get rid of those heads of administration of villages and districts appointed by us. In other words, they will fight. [end recording]

As you see, Avturkhanov is pessimistic regarding the statement on the end of the war in Chechnya made by the heads of delegations in Groznyy after signing the agreement on military questions.

Nevertheless, in accordance with the agreement the Chechen side should today present Russian representatives with a list of POWs now in captivity. This was reported by (Isa Modayev), the Chechen cochairman of the commission for exchange of POWs. According to the Russian Internal Affairs ministry, 36 people are held in captivity by the Dudayevites. The actual exchange of POWs should take place in the next 2-3 days.

List of Detained Chechens Submitted

LD3107134495 Moscow INTERFAX in English 1215 GMT 31 Jul 95

[FBIS Transcribed Text] GROZNYY, July 31 (INTERFAX) — Representatives of the federal authorities submitted to the Chechen side Monday lists of 1,325 detained Chechens. Lists of Russian soldiers in Chechen captivity will be handed to the Russian side on August 1, INTERFAX was told in Groznyy by the Chairman of the Commission for POWs from Chechnya Isa Madayev. He refused to name the exact number of Russian soldiers kept by Chechen formations.

According to Russian Army Colonel Vladimir Ivanov, working on the release of captives, there are about 300 Russian POWs.

In Madayev's opinion, three days are enough to exchange the captives.

Minefields, Fires Endanger Dagestan Harvest

MM0108091995 Moscow SELSKAYA ZHIZN in Russian 29 Jul 95 p 1

[Report Gadzhi Shamov: "Harvest Going to Waste"]

[FBIS Translated Text] Makhachkala, 28 Jul — Thousands of tonnes of the grain harvest are going to waste on the fields of Dagestan this year. There are several reasons for this. One of the main reasons is the war in the Chechen Republic. Farms located in the rayons bordering Chechnya are not taking the risk of harvesting because the majority of fields are literally sown with mines. Dozens of machine operators and ordinary peasants who have attempted to harvest the long-mature crop have been blown up in the fields. Cattle and other grazing animals die in the fields daily.

Fires are another equally important cause of destruction of the grain. This year's summer in Dagestan has been hot and dry, and the slightest lack of care involving fire is enough to reduce many months of labor by farmers to naught. Dozens of hectares of grain fields in Kayakentskiy, Karabudakhkentskiy, Novolakskiy, and other rayons have already been burnt. The damage caused by the fires comes to hundreds of millions of rubles.

Stavropol Grain Harvest Will Be of Poor Quality

MM0108104095 Moscow SELSKAYA ZHIZN in Russian 1 Aug 95 p 2

[Report by Aleksandr Bykov: "Quality in Short Supply"]

[FBIS Translated Text] Despite the pleasing gross harvest of at least 3.5 million tonnes, the Stavropol region is not going to have noticeable surpluses of food wheat. Confirmation of that is provided by the results of checks carried out as the grain arrives at local farm threshing floors.

According to the generalized statistics published recently, only 20 percent of wheat meets the quality standards of third-grade wheat, a further 10 percent is fourth-grade, while the rest is only fit for forage. Bearing in mind that the kray fund and allocations as payment in kind have been deemed the priorities, while outside purchasers can only count on what is left over. This might have been expected anyway because no matter what people say about the weather, the lack of quality has resulted largely from the enforced oversimplification of cultivation techniques for grain as a whole and wheat in particular.

St. Petersburg Political Forces Examined

954F2914A Moscow KOMMERSANT-DAILY in Russian 8 Jul 95 p 3

[Report by Igor Arkhipov: "There Are a Zillion Contenders for Sobchak's Job: On the St. Petersburg Mayoral Elections"]

[FBIS Translated Text] A little less than a year remains until the mayoral elections, but practically all the moves

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on the St. Petersburg political scene, and especially behind it, are already revolving around this event. There are quite a few contenders for the city chief's job, and not only in the nationalist or communist camp, but also among prominent and respectable entrepreneurs, formerly friendly to Sobchak and counting themselves in vain in the St. Petersburg "party of power." Now, however, this group too has armed itself with the "professional oppositioners" slogan, well-tried in the battles for votes: "Let us bring in the New Year with a new mayor!"

Unlike previous mayoral elections, next summer the disposition of forces will depend not so much on the candidates' political orientation as on the activism of various "business" pressure groups and the contenders' willingness to express the economic interests of these groups as their own. Sobchak, who only recently began to speculate publicly on his career prospects, intends to run "as a sort-of independent candidate." Having split in April from the RDDR [Russian Democratic Reform Movement], he participated in all founding events of the Russia Is Our Home [NDR] movement both in Moscow and in St. Petersburg, but did not join the movement. Apparently he is waiting until another power bloc—Rybkin's—takes clearer shape. The foundation of the NDR's city branch, however, is already being built under the patronage of the "independent" Sobchak—Vladimir Putin, deputy mayor for foreign economic activities (a man as close to Sobchak as Prince Menshikov was to Peter the Great) has been appointed the "administrator" of the St. Petersburg "Home," and Aleksandr Bespalov, chief of the mayoralty's public relations department—its executive secretary.

Another factor affecting the pre-election situation in St. Petersburg is that prominent entrepreneurs—members of the DVR [Democratic Choice of Russia] regional branch structures—declared that they have a acquired a second "physical face" when it comes to politics and joined the NDR. So now only affiliation with the NDR can guarantee Sobchak their support. "Independence," on the other hand, may turn out for the mayor a repetition of the failed 1993 experience of attempting to attract businessmen into the RDDR, which he at the time headed. Especially considering that those few entrepreneurs who at the time supported Sobchak—such as, for instance, KSBR [Russian Businessmen Roundtable] president Ivan Kivelidi—now publicly emphasize that they simply had been deceived and that the mayor had used them only as moneybags.

The All Petersburg association of entrepreneurs and bankers will probably field its own candidate. Respectable members of the business elite, who emphasize their apolitical stand, are oriented toward working with Deputy Prime Minister Anatoliy Chubays, GKI [State Committee for the Administration of State Property] chairman Sergey Belyavev, and members of the current leadership of the St. Petersburg administration—Mikhail Manevich, in charge of property management, and Aleksey Kudrin, in charge of finances. The informal elite group they created in 1993—the St. Petersburg Assembly—even then irritated the mayor, who was left out. Sobchak's deputies, who participated in club meetings, were even formally reprimanded by the anxious mayor. Now the bankers say openly that they will field a candidate who will be more attentive to them once he gets the mayor's job. Serious consideration is being given to Sergey Nikeshin, president of the Twentieth Trust Corporation. The latter recently openly vented his criticism of Sobchak in connection with distribution of lucrative contracts and competition on the part of foreign construction companies.

Actually, the strain currently is noticeable in the mayor's relations not only with construction industry lobbyists, but with business circles as a whole. A graphic example of this is the mayor's demand to exclude from the budget the capital investment program, with a detailed breakdown by sector and facility financing, which was soundly defeated in the Legislative Assembly. By the way, the deputies' victory over Sobchak on the budget issue indicates that a mayoral candidate also may be nominated from among members of the city government. Vladimir Yakovlev, first deputy mayor and head of the committee on the management of city services, may have a good shot at it, for instance. His alliance with the majority of deputies resulted in hammering through an increase in expenditures on city services (instead of the social sphere). Interestingly, in addition to entrepreneurs operating in the sphere of construction, transportation, and municipal services, Yakovlev was joined in this by deputies of the Regional Party of the Center, which represents the Yabloko movement. And it cannot be ruled out that the alliance between this city economic manager and Yavlinskiy's bloc will continue into the mayoral elections. This turn of events is quite feasible, since Yuriy Boldyrev, whom the democratic opposition intended to nominate for the mayor's job, chose to pursue his career in Moscow.

In any case, however, informed observers note that Rear Admiral Vyacheslav Shcherbakov intends to run in the mayoral elections. Formally still a deputy mayor (the illegality of his dismissal from this job by Sobchak was reaffirmed by the Russian Federation Supreme Court), he will definitely try to get his revenge for having been kicked out of Smolnyy, for the fact that he came up only a few votes short in the elections for the Federation Council deputy from St. Petersburg, and for not

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being elected Legislative Assembly chairman because of behind-the-scenes machinations. Shcherbakov is known for his close ties with the VPK [military-industrial complex]: In the past, he was Rosvooruzheniye [Russian Armaments] representative for the Northwestern region. Now he has organized a center-left Realists Union in St. Petersburg, which has attracted into its ranks trade unions, youth organizations, farmers, and even the association of private protective service organizations.

As to the local Zyuganovites, they would like to see as mayor Dmitriy Filippov, a former city tax inspectorate chief who fell out of favor with Sobchak. There is also a reserve candidate: Yuriy Severard, now a State Duma deputy—the chief builder of the dam, who unsuccessfully ran against Sobchak in the 1991 elections. It cannot be ruled out, however, that Shcherbakov's high rating will make him the only candidate from the left.

According to KOMMERSANT's information, another member of the "imeni Sobchak party of the humbled" also willing to jump into the fray is Aleksandr Belyayev, former Petrosovet [St. Petersburg Soviet of People's Deputies] chairman and now a Federation Council deputy. Despite the defeat of his Democratic Unity of St. Petersburg bloc in last year's city elections, Belyayev can count on the support of city residents who remember with nostalgia the "democratic period" of Russian history. Despite his image as a phlegmatic, Belyayev is constantly working on strengthening his ties in the city's industrial circles.

Nationalists, on the other hand, are putting forward a different Belyayev—Yuriy. A former police lieutenant and Petrosovet deputy, in 1991 he created an ultranationalist People's Socialist Party, and at the same time became head of a protective services company. At the end of last year, having seized the leadership of the city branch of the National Republican Party of Russia, he even attempted to overthrow Nikolay Lysenko as its chairman. It was at that time that Belyayev, famous for his "forays" to Serbia and scandalous speeches against sects, "Caucasians," and the mafia, became the target of an assassination attempt, taking five bullets. Right then he was pronounced a "joint candidate of patriotic forces." And although a number of nationalist organizations did not recognize him as "theirs," there is no other worthy candidate—with money and "human resources" in St. Petersburg in this part of the political spectrum.

One also cannot rule out the participation in the elections of Vyacheslav Marychev, a State Duma deputy and its inexhaustible source of pranks. The talents of this graduate of the Leningrad Conservatory—a cello major (and in the recent past director of the Steel-Rolling Plant's club)—which he untiringly demonstrates at Duma meetings, are well known. Keeping in mind that Vladimir Zhirinovskiy and Viktor Anpilov are considered outsiders in St. Petersburg, Marychev has a shot at appealing to the lumpens' discontent.

"Independent" entrepreneur Mark Goryachev also made known his intent to run for mayor. The "tuner of capitalism" counts on repeating his successful experience of elections to the State Duma, where entertaining events were accompanied by plentiful gifts (socks, tumblers). Another "fistfight" with Zhirinovskiy could remind the voters of deputy Goryachev, currently residing mainly in London—apparently for the reason of a series of scandals involving nonpayment of debts owed to business partners.

Sobchak's electorate is rather small—10-12 percent. In the second round of elections (if he makes it there) any rival will present an equal threat to him. Meanwhile, at this point the mayor is quite happy with himself: "It is a sheer pleasure to compete against such rivals!"

'Our Home' Bloc Outlines Priorities in Yakutia

LD0108105895 Moscow INTERFAX in English 0930 GMT 1 Aug 95

[FBIS Transcribed Text] MOSCOW, August 1 (INTERFAX) — The election slogans of the Our Home-Russia election bloc, headed by Prime Minister Viktor Chernomyrdin, must be "maximum clear," President of the Sakha Republic (Yakutia) Mikhail Nikolayev told INTERFAX on Tuesday.

Nikolayev is the bloc leader in Yakutia.

In his words, "we must concentrate on specific issues," primarily payments between enterprises and industrial branches, payments of salaries and all debts, in order to gain votes at the Duma elections.

He thinks that the bloc program shall offer a clear system of plants' turning into joint stock companies and set the form of control over part of state property, bearing in mind "we do not have an efficient mechanism in this sphere."

Another program priority is the federal economic policy on regions, "primarily those of the Extreme North, the Far East and the Russian south. Bearing in mind the regions have different conditions, they should be offered different protectionist measures," said Nikolayev.

In his opinion, the bloc program "should clearly outline the system of payment of the state debt to the population and indexation of people's deposits because people need clear answers to the questions they are concerned about."

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As for politics, the principles and mechanism of the national policy should be declared, he said.

"This is the minimum of questions whose solution will ensure support of 30% of the population," noted Nikolayev.

Siberian Oil Refineries Want Closer Ties to Moscow

MK0108053695 Moscow KOMMERSANT-DAILY in Russian 29 Jul 95 p 9

[Unattributed report: "Bashkir Oil Refiners Want To Go Back Under Moscow's Wing"]

[FBIS Translated Text] Specialists of the "Bashneftekhim" Joint-Stock Company, which has brought together a group of Ufa oil refineries, are working on a draft agreement on possibly joining the structure of "Rosneft" based on an exchange of shares. One of the possible options is to divide the state-owned block of shares in "Bashneftekhim" — one half of which would go to "Rosneft," while the other half would remain in the republic. As a result, the Bashkir oil refiners are hoping to gain access to Western Siberia's oil and "Rosneft's" markets. The appearance of this plan is connected with differences between the "Bashneftekhim" Joint-Stock Company and "Bashneft," which the republic's authorities intended to merge to form a vertically integrated oil company. The oil workers so far have not agreed to such a merger and are more inclined to have closer cooperation with "Salavatnefteorgsintez," whose production facilities are almost completely geared to Bashkir high-sulfur-content oil. The Ufa refineries can operate only 20 to 40 percent of their production facilities using Bashkir crude.

Government, Siberia Agree on Oil Sector Development

MM3107131595 Moscow ROSSIYSKIYE VESTI (Saturday Edition) in Russian 29 Jul 95 p 3

[Report by Vladimir Igolkin: "Treasures of Siberia Set Tone of Economy"]

[FBIS Translated Text] Omsk — The range of participants in the meeting of the "Siberian Accord" interregional economic cooperation association in Tyumen makes it quite like an off-site government session. Leaders of many ministries and departments and of the Federal Assembly chambers and top officials from all the association's 19 krays and oblasts have come to the capital of the main repository of Russia's oil and gas reserves along with Cabinet Head Viktor Chernomyrdin. What is more, they were accompanied by major industrialists, bankers, and the cream of national science.

The meeting discussed the state of and prospects for the development of the Siberian fuel and energy complex — questions of vital importance not only for the region itself but for all Russian citizens. Paradoxically enough, Tyumen and Omsk Oblasts with their outstanding potential and strong petrochemical complex are now being subsidized by the federal budget. Is that objectively right?

The government wholly shares the disquiet felt by regional leaders. It has approved basic guidelines for the country's energy strategy through the year 2005. The proposal submitted by "Siberian Accord" regarding the elaboration of a special program for the development of the fuel and energy complex in the longer term — through the year 2010 — along with mechanisms for its implementation also won support. The modernization of Samotlor is one of the top-priority measures when it comes to stabilizing the work of the oil industry. The potential of Tyumen's oldest oil field is by no means exhausted. It still contains over 1 billion tonnes of oil. The development of a Tyumen oil company based on the "Nizhnevartovskneftegaz" and "Tyumenneftegaz" companies also falls within the context of this strategy.

The reorganization of the fuel and energy complex is due to the fact that gas forms an increasing proportion of the country's energy balance. Western Siberia accounts for 90 percent of prospected stocks. The exploration of the Yamal fields is now taking center stage. These fields are to form the basis of a reliable supply of gas for the country for many decades to come.

Virtually two-thirds of Russia's coal is extracted in regions covered by "Siberian Accord." The government is backing a program for the reorganization of the industry. Some 27 unprofitable mines are to be systematically closed down.

A special government decree based on the results of the "Siberian Accord" session is expected to be adopted with a view to stabilizing the development of the fuel and energy complex. It makes provision, inter alia, for some of the state package of shares in fuel industry enterprises to be transferred to regional ownership and for investment funds to be formed for the industry's development.

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Novosibirsk Deputy's Report Cites City Concerns

954F2918A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 24 Jul 95 p 3

[Report by Alla Zhuravleva: "The Deputies' Decisions Affect Us All: The 14th Session of the Novosibirsk City Assembly of Deputies Was Held on 13 July 1995"]

[FBIS Translated Text] A large industrial and cultural center such as Novosibirsk is a complex organism, all of whose structures are interconnected and provide life support for the city as a whole. And, of course, the No. 1 problem is financing of these structures. The expense part of the city budget contains more than 30 items.

Lyubov Khoroshko, deputy chief of the mayoralty's finance and tax policy administration, delivered a report on the results of the second quarter financing and the plans for the third quarter.

She enumerated for the deputies the sources of city budget revenue—various taxes, fees, tolls, and duties, and although the total of the revenue part exceeded the planned figure by almost 12 percent, the expense part nevertheless was greater, and on top of that, clearly inadequate with respect to all indicators.

For instance, financing fell short with respect to the following line items: social security, payoff of mayoralty's promissory notes, and capital repairs of housing; there was not enough money for transportation, housing and municipal services, the committee on youth affairs, culture, and sports organizations; at the same time, some line items received extra financing: For instance, expenditures on health care exceeded the planned estimate by 9 percent.

But are not our hospitals and walk-in clinics in a constant crunch from the shortage of basic medicines and the miserly pay to their personnel? Unfortunately, plans are based on the bare minimum, without taking into account potential minimum wage increases or rising cost of fuel and electricity. It is these continuous holes, which in the end amounted to the round figure of 140 billion rubles [R], that prompted the city assembly deputies to ask the oblast council for additional funds. And it is not because life is good and money plentiful that deputy G. Mordakina demanded to increase financing for the winter preparation of health care facilities. She was seconded by City Assembly chairman V. Tolokonskiy, who proposed to add R1 billion to health care by taking this money partially from other line items. After lengthy discussion and arguments, the decree on financing limits for the third quarter was adopted.

Another important problem that directly affects us all is our apartment rents. We all live in apartments, but they are different: Some live in a decaying, prefabricated-panel building; some get bumps stumbling into corners of narrow corridors in the "slums"; some got quite decent apartments; and some are lucky enough to live in full-size apartments with high ceilings and wide hallways. Even these "luxury" apartments eventually deteriorate, however. Unquestionably, rents too should be different and depend first and foremost on how comfortable the accommodations are.

This problem of differentiated rents, as well as the painful question of raising them, was the subject of the address of Olga Molchanova, first deputy chairman of the economics committee.

The increase in apartment rents is necessitated mainly by rising fuel and electricity costs; this will cause, however, only increasing individuals' contribution on average to 25 percent of the actual cost of housing maintenance. The decree envisages expanding housing cost subsidies for the disabled and for pensioners living alone.

The trade unions voiced their protest against this decree; the chairman of the disabled citizens society presented his additions and objections; nevertheless, after a stormy discussion, the decree was approved.

Discussion proceeded in a calmer manner when the deputies got to other items on the agenda: implementing the Russian Federation law "On Consumer Rights Protection;" the draft charter of Novosibirsk; and nominating candidates to okrug electoral commissions.

Because of rising fuel prices, the city public transportation system again is facing the question of fare increases. Information on this item was presented by O. Toropkin, chief of the transportation committee, who proposed to increase ground transportation fares to R600, and for express buses—R1,000. Let us note that the cost of monthly passes will remain unchanged.

While on the subject of transportation problems, other related issues were discussed: profitability of operations, the quality of passenger service—in particular, the route scheme (considerable route changes in Academic City last winter caused a lot of complaints). And, as deputy V. Tolokonskiy noted in conclusion, a "100-ruble step" per quarter is quite acceptable, and if we manage to stay with this rate of increases in the future, we may consider the situation under control.

In conclusion, the deputies discussed several items in the "Miscellaneous" part, among them deputy S. Petin's proposal to hold elections of the Novosibirsk mayor simultaneously with the elections to city self-government bodies in June 1996.

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Article Details Irkutsk Oblast Developmental Fund

954F2926A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 25 Jul 95 p 4

[Irkutsk Oblast Decree and Law "On the Fund for the Development of the Oblast"]

[FBIS Translated Text]

DECREE:

1. To adopt the law of Irkutsk Oblast "On the Fund for the Development of the Oblast."

2. To dispatch the law of Irkutsk Oblast "On the Fund for the Development of the Oblast" to Yu.A. Nozhikov, oblast governor, for signing.

[Signed] Chairman of the Legislative Assembly I.Z. Zelent.

LAW OF IRKUTSK OBLAST "On the Fund for the Development of the Oblast"

This law was adopted in accordance with Articles 17, 27, and 28 of the law of the Russian Federation "On the Fundamentals of Budget Laws and the Laws for Forming Off-Budget Funds of Representative and Executive Organs of Authority of the Republics in the Russian Federation System, Autonomous Oblasts, Autonomous Okrugs, Krays, Oblasts, Cities of Moscow and St. Petersburg, and Organs of Local Self-Government" and Article 17 of the law of the oblast "On the Budget Structure and the Budget Process in Irkutsk Oblast," and it establishes a procedure for the formation, management, and control over the use of the resources of the special-purpose budget fund for the development of the oblast (further in the text—"the Fund.")

Article 1. STATUS OF THE FUND

The Fund is a separate part of the resources of the oblast budget, which is used for the implementation of special-purpose programs and measures, and it is oblast property.

Article 2. PURPOSE AND TASKS OF THE FUND

1. The Fund is being established for the purpose of mobilizing financial resources to resolve questions of the structural restructuring of the economy of the oblast.

The Fund is used to finance on a recovery basis legal and physical entities that implement programs and projects in accordance with the concept and scheme of development and distribution of the productive forces of the oblast.

2. The resources of the Fund are used to resolve the following tasks:

—financing projects and programs that have an important socioeconomic significance for the oblast;

—conducting presentations of the oblast;

—shared participation of the oblast in the establishment of investment funds, licensing companies, stock and commodity exchanges, consulting engineer firms, and other organizations of the market infrastructure in accordance with existing legislation of the Russian Federation and of the oblast.

Article 3. SOURCES AND PROCEDURE FOR FORMING THE FUND

1. Sources for forming the Fund are:

—80 percent of the profit that remains at the disposal of the Finprom AOOT [open type joint-stock company];

—part of the resources of the oblast budget, whose volume is determined annually by the Legislative Assembly during ratification of the oblast budget;

—recovered resources and interest on loans and credits of the Fund.

2. The profit of the Finprom AOOT is entered into the Fund during the month after the end of the report period; the budget resources—quarterly after the implementation of the defended articles of the oblast budget.

The entry is made into the special account of the main financial administration of the oblast.

Article 4. PROCEDURE FOR MANAGING AND USING THE RESOURCES OF THE FUND

1. The administration of the oblast is the manager of the resources of the Fund.

2. The allocation of the resources of the Fund is accomplished on the basis of the instructions of the governor of the oblast, or of the first deputy chief of administration of the oblast, in coordination with the committee for the budget, price formation, and financial-economic and tax legislation of the Legislative Assembly of the oblast.

3. The expenditure of the resources of the Fund is carried out principally by the administration of the oblast with a special account and is used to implement objectives and tasks defined in Article 2 of this law.

4. The administration of the oblast simultaneously with the draft law on the oblast budget for next year submits to the Legislative Assembly an estimate of the incomes of the Fund from the point of view of sources and an estimate of expenditures on programs and projects.

Article 5. CONTROL OVER THE USE OF THE RESOURCES OF THE FUND

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1. Control over the use of the resources of the fund is exercised by the Legislative Assembly of the oblast.

2. The administration of the oblast presents a report to the Legislative Assembly of the oblast concerning the use of the resources of the Fund in the procedure and periods stipulated for the report concerning the implementation of the oblast budget.

Article 6. ABOLITION OF THE FUND

The Fund is abolished on the presentation of the decision of the Legislative Assembly to the administration of the oblast.

Article 7. THE LAW'S ENTRY INTO FORCE

This Law goes into effect from the day of its publication.

[Signed] Governor of Irkutsk Oblast Yu.A. Nozhikov

Irkutsk Oblast Semi-Annual Economic Update

954F2911A Irkutsk VOSTOCHNO-SIBIRSKAYA PRAVDA in Russian 26 Jul 95 p 1

[Review by A. Irgl, deputy head of the administration, chairman of the economics committee, under the "Press Release" rubric: "On the Results of the Oblast Economy Operations Over the First Half of 1995"]

[FBIS Translated Text] The economic situation that has emerged in the oblast economy after the elapsed half-year is dramatically different from that of a year ago. While over the analogous period of 1994 production declined by 11.6 percent, in the current year it showed a steady monthly growth. The industrial output index measured 104.3 percent over June of 1995, and 101.6 percent over the half-year.

By the rate of increase in industrial production, including at VPK [military-industrial complex] enterprises, as well as commissioning of capital assets and residential housing, the volume of profit, the average per capita monetary income and wages, and other indicators, Irkutsk Oblast is one of the leaders in the East-Siberia economic region.

The main contribution to growth indicators was made by enterprises in electric power generation—109.7 percent, oil refining—102.8 percent, the chemical industry—114.6 percent, the timber, woodworking, and pulp and paper industry—125.5 percent, and food processing—100.7 percent.

A number of sectors that showed an overall decline in production over the half-year showed positive growth in June: the coal industry—101.0 percent, nonferrous metallurgy—102.0 percent, machine building and metalworking—111.8 percent, and the flour, cereal, and feed concentrate industry—121.5 percent.

Over January-June, production increased with respect to electric power, products of oil refining, mineral nitrogen fertilizer, round timber, cement, reprocessed aluminum, radioelectronics, vegetable oil, margarine, fish, confectionery items, soft drinks, and other goods and foodstuffs. At the same time, the output of consumer goods as a whole declined by 8.7 percent. One of the main reasons is sluggish work of light industry enterprises, where production declined by more than 40 percent over the half-year. In this connection, a set of measures aimed at bringing this sector out of the crisis was discussed at the oblast governor's administrative council.

The fuels, microbiology, and glass and porcelain industry, ferrous metallurgy, and the construction materials industry also were unable to achieve positive results over the half-year.

In capital construction, total investment over the half-year amounted to 1.25 trillion rubles [R], which is 25 percent less than last year. Of this, R488 billion were used for construction on nonproduction facilities. The volume of residential housing put into use exceeded by 34.3 percent that over the same period of 1994.

One of the reasons preventing the pick-up in investment activities is cutbacks in federal budget financing (from R20 billion last year to R7 billion this year).

In the environment of cutbacks in budget financing and an acute shortage of enterprises' working capital, the role of investors from the nonstate sector of the economy increases: joint-stock societies, commercial banks, private companies, etc. The share of these investors and of the population's funds in the total volume of housing built increased from 5.8 percent in 1990 to 47.7 percent in 1994.

In the agro-industrial complex, the rate of production decline slowed down somewhat, and the dairy herd productivity reached last year's level. Nevertheless, the total gross output declined by 12 percent. Procurement of main categories of agricultural products has declined, and there was a small reduction in the herd of all categories of livestock.

The countryside is currently working full speed on laying in animal feed and preparations for harvesting. In keeping with the RF [Russian Federation] Government decree No. 241, dated 13 March 1995, the RF Ministry of Economics, the RF Ministry of Finance, and the RF Ministry of Agricultural Products approved new procurement prices for agricultural products stockpiled for state needs. For instance, the procurement price of hard varieties of wheat is now R480,000 per tonne, milk—R860,000, cattle in live weight—R3.56 million,

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pork—R4.6 million, and eggs (per 1,000)—R260,000. On average, procurement prices will increase almost twofold.

The financial situation of many enterprises and organizations continues to improve. Over January-May of 1995, profits in the oblast economy increased more than fivefold and amounted to R2.8 trillion. Proceeds from privatization of enterprises amounted to almost R20 billion.

Arrears in paying out wages in the production sectors did not increase in June 1995 and amounted to R173 billion. At the same time, in agriculture and transportation such arrears were reduced, respectively, by 8.1 and 24.5 percent.

In the social sphere, the executive branch implemented measures aimed at cushioning the inflation burden on the middle- and low-income population strata and sustaining purchasing capacity and monetary income at satisfactory level. Wages in the oblast by May of 1995 averaged R700,000, and the average per capita income—R472,600 (R178,700 in May 1994). While the average wage increased in May as compared to April 1995 by 16.3 percent, retail prices for goods and services rose by 9.1 percent.

Prices for bologna and summer salami, vegetable oil, sugar, whole-milk cottage cheese, and some other foodstuffs were lower in Irkutsk than, for instance, in Ulan-Ude, Chita, and Vladivostok. We also paid less for a score of consumer services (dry cleaning, visits to public baths, shoe repair, fares on non-superservice fast trains, telephone, and others). And when it comes to electric power, our oblast's population pays three to four times less than others.

Characteristically, average wages in Irkutsk (R700,000) are higher than in Vladivostok by 1.6 percent, Kemerovo—by 8.5 percent, Chita—by 36.7 percent, Ulan-Ude—by 39.7 percent, and Novosibirsk—by 46.5 percent.

Among our oblast's cities, the lowest prices were registered in Tayshet. In the beginning of July, beef was sold there at R12,700 per kg, sour cream—R12,300, milk—R2,000, eggs (10)—R4,500, bread—R1,800, and potatoes—R480.

In January-June of 1995, in order to make up for the shortage of locally produced goods, efforts to attract commodities and goods from outside the oblast continued; as a result, retail sales in state and cooperative trade increased by 3 percent, and gross sales of trade enterprises—by 9 percent.

Federal Services Continue Deporting Chinese Aliens

LD3107163995 Moscow ITAR-TASS World Service in Russian 1002 GMT 31 Jul 95

[By Sergey Chereshnev]

[FBIS Translated Text] Moscow, 31 Jul (ITAR-TASS) — Chinese citizens are continuing to illegally cross into Russia in the Far East. ITAR-TASS was told at the Russian Federal Border Service (FBS) today that 98 Chinese citizens, who live illegally in Russia, had been identified and deported to China last week.

Together with Interior Ministry and Federal Security Service [FSS] bodies, the Far Eastern border guards have been carrying out the "Foreigner" operation, started last year. The operation is aimed at expelling individuals with expired visas and forged documents. According to the FSS, from the beginning of this year about 5,500 people have been made to leave our country. To avoid hefty fines, most foreigners prefer to leave of their own accord.

Economic Issues

Economics Minister on Measures To Fight Inflation

LD3107165995 Moscow ITAR-TASS in English 1627 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — Russia may increase oil and natural gas excise duties and export tarrifs this autumn to fight inflation, Economics Minister Yevgeniy Yasin told reporters on Monday [31 July].

Yasin admitted that July's inflation rate of 5.5 per cent was higher than the government had planned, and said it is necessary to "collect in the near future an extra seven to eight trillion roubles (1.6-1.8 billion dollars) to prevent a jump in inflation this autumn."

The government intends to obtain this money from the reserves of the so-called "natural monopolies" operating in the fields of fuel and energy, transportation and communications, since they are mainly responsible for the price rise, according to the minister.

Yasin named Russia's gas giant Gazprom among such monopolies, but promised not to take hasty measures against it.

Deputy Glazyev Questions Government on Economy

MM3107163695 Moscow PRAVDA in Russian 29 Jul 95 p 1

[Article by Sergey Glazyev: "'The Risk Posed by This Government Is Greater Than That Posed by a Change

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in the Cabinet of Ministers'" — first paragraph is PRAVDA introduction]

[FBIS Translated Text] The most acute problems in our lives are the true state of the economy, the reality of inflation, and forecasts for the near future. To put this into everyday language, the majority of the population wants to know whether there is any hope of a real stabilization, and most importantly, will millions of people be able to survive? Sergey Yuryevich Glazyev, Russian Federation State Duma deputy from the Democratic Party of Russia (DPR), chairman of the State Duma Committee for Economic Policy, and doctor of economic sciences, answers these questions.

[Glazyev] First of all, let us try to note what has happened in our economy recently. The scientific-industrial potential of a significant proportion of sectors has been destroyed, particularly mechanical engineering and high-tech industrial sectors, on which we had always mainly pinned our hopes as regards restructuring, the development of the economy, and the growth in the people's prosperity. In terms of economic potential, Russia has fallen lower than Italy and other averagely developed European countries, found itself lower than China and India, and is approaching Brazil's level.

Unfortunately, V. Chernomyrdin's government does not agree with these realistic conclusions. On the basis of the results of the discussion of the premier's report, Chubays stated that the facts which the Duma is using do not correspond to reality. He ought just to look out onto the street, walk around the stores, and talk to people!

With reference to world experience, last year we were being assured that we had already reached the "bottom," that it was simply impossible to fall further — further would mean the beginning of uncontrollable disintegration. True, at the end of last year the fall slowed down, and a certain revival had even taken shape, which was hastily announced as the beginning of stabilization. But the slump in the economy continued at the beginning of this year. The Academy of Sciences National Economic Forecasting Institute maintains that the fall in industrial production in the first quarter of this year was 5 percent, and in the second — 4 percent. The fall in the processing industry has been particularly high. In sectors which turn out finished products (for instance mechanical engineering) the fall was between 18 and 20 percent in the first six months of the year. If you take last year's fall into account, you can speak of the profound destruction of the sectors on which the prosperity of the people depends and the socially oriented market economy relies.

All sensible politicians admit this unreservedly, but Mr. Chubays cannot see any of it, he cannot even hear his kindred spirits. Unfortunately, this is not as innocuous as the lies of passing fortune-tellers, it is painfully reflected in the lives of our fellow citizens. During the elaboration of the 1995 budget, State Duma deputies insisted in a reasoned way that inflation should be planned to be 5-7 percent. Chubays insisted on 2 percent.

On the basis of the result of the first six months of the year, inflation actually constitutes 10 percent! Millions of completely innocent people are paying for Chubays's "mistake": The real earnings of medics, teachers, servicemen...have been decreasing by 5 percent a month. As a result, the income of 20 percent of the population is lower than the value of the minimum consumer basket, and around 45 million people cannot make ends meet.

To somehow smooth over the impression made by the oppressive consequences of politics, the government took a desperate step which was supposed to ensure the stabilization of the ruble — it established the upper limit of the ruble exchange rate. And what has happened? Clumsy interference in a natural process has led to unexpected consequences. In the processing industry alone production has fallen by approximately 20 percent. The export of timber, in Arkhangelsk Oblast in particular, immediately became unprofitable.

The government has been forced to admit that there will not be enough money either to keep up the living standard, or for the conversion, or for solving the problems of restructuring. So what can we pin our hopes for the future on?!

The State Duma has tried to dismiss V. Chernomyrdin's government not just because of the problems over Chechnya, but also because it is completely helpless, it does not have the situation in the country under control, and the ministers are not answering for what is happening. From my point of view, the risk involved in keeping this government in power is far greater than the risk involved in changing the cabinet of ministers.

Draft Budget Reveals Deficit of 82 Trillion Rubles

LD3107161295 Moscow ITAR-TASS in English 1506 GMT 31 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, Jul 31 (ITAR-TASS) — The Russian government drafted a budget for 1996 providing for a deficit of 82 trillion roubles, which would make up 3.9 percent of the GDP, Finance Minister Vladimir Panskov told a news conference here on Monday.

Fifty trillion roubles out of the deficit will be covered through internal sources, and the remaining 32 trillion

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roubles will be taken from already extended foreign loans.

The finalised draft will be approved at a government session on Thursday and submitted to the State Duma later this week, Panskov said.

The primary budget goal to be achieved in 1996 will be the boosting of federal revenues to 15.7 percent of the GDP against 14 percent in the first six months of 1995, Panskov said. He reminded that the planned figure for the period from January to June 1995 was 13.5 percent.

The finance minister also noted that the government and his ministry would try an "informal" approach to solving difficult problems related to budget-planning. He did not provide any detail.

Yeltsin Aide on Promise of Share Investment Funds

MM3107151795 Moscow ROSSIYSKIYE VESTI (Saturday Edition) in Russian 29 Jul 95 p 4

[Unattributed report under the "Details" rubric: "There Used To Be Pension Funds — Now There Are Investment Funds"]

[FBIS Translated Text] As ROSSIYSKIYE VESTI has already reported, Boris Yeltsin has signed an edict "On Additional Measures To Increase the Effectiveness of the Russian Federation's Investment Policy." Today, Aleksandr Livshits, Russian Federation presidential aide on economic questions, comments on this document.

"The presidential edict," he noted, "creates a normative base for a new financial institution — a share investment fund, which enables the savings of both citizens and corporate bodies to be attracted. In charge of the share fund is a management company which determines where it is most profitable to invest money — in securities, real estate, bank deposits, or other property — but at the same time the company has to adhere to the strict code of practice elaborated by the Edict."

A. Livshits placed special emphasis on the fact that, when this document was elaborated, attention was paid in particular to protecting citizens' deposits "from unscrupulous people who would like to acquire deposits from the population without giving anything in return." At the same time, he noted that nobody can guarantee that depositors' funds will make a return if the company managing the share fund channels the capital into unpromising projects.

Once the share fund has accumulated a certain number of deposits, it concludes a contract with a bank to look after these securities. Here the bank takes stock of the property and monitors how the management company disposes of material valuables and whether accounts are paid and funds returned to citizens in good time. In turn the Central bank carefully monitors those who are permitted to provide deposit services.

A. Livshits explained that the funds may be of two types. The first type gives the depositor the right to redeem his investment share within 15 days of submitting an application. With the other type the depositor has the right to redeem his investment share within a certain period, but no less frequently than once a year.

Here, any increase in the citizens' cash deposits is made not from interest or the payment of dividends, but by increasing the value of the project in which the management company has invested the citizens' funds.

Equivalents of these investment funds, our interviewee added, have existed in countries with market economies for a long time.

Half-Year Economic Performance Reviewed

MM0108084395 Moscow ROSSIYSKIYE VESTI in Russian 1 Aug 95 p 2

[Article by Lyudmila Biryukova: "The 'Invisible Hand of the Market' Is Gaining Strength. Government Sums Up Results of Russia's Socioeconomic Development in First Six Months of 1995"]

[FBIS Translated Text] At yesterday's session of the Cabinet of Ministers chaired by Viktor Chernomyrdin, the discussion was not pleasant despite the fact that signs of stabilization have palpably begun to emerge in the economy.

Some enlivening of industry has begun despite tough budget policy, which has reduced the chance of receiving subsidies, soft loans, and so on. In the first six months of the year total production at large, and medium enterprises fell by just 4 percent as opposed to 23 percent last January-June (compared to the same period of 1993). At the same time, a number of sectors whose output is in demand on the world market — ferrous metallurgy and the chemical and petrochemical industries — have taken off. Our mighty fuel and energy complex suffered a minimal "decline" of 3.3 percent, although coking coal extraction increased just as much as gasoline and coal concentrate production, for instance.

All sectors geared to the Russian domestic market are continuing to go downhill. The decline in machine building, the construction material, food, and light industries in the first half of the year stood at 8, 9, 12, and 38 percent respectively. There are few good things around but, if you remember that in January-June 1994, machine building production fell by 43

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percent, there is no doubt that there has been definite progress. The number of enterprises discovering the secret of escaping from the crisis is increasing day in day out. For instance, the "Kuzbasselektromotor" Joint-Stock Company has increased 11-fold production of explosionproof electric engines while the Sosnovoborsk Machine Plant has increased production of automobile trailers 19-fold and the Oskolskoye electrometallurgical combine has boosted production of vacuum-treated bearing steel by a factor of 4.5. Everyone who has found their niche on the market has escaped from the troubles of the transitional period.

The slowing in the rate of inflation must be ascribed to the government's credit. Whereas in January it stood at 15.2 percent, in April and June the figure was 8.5 and 6 percent respectively. It is forecast not to exceed 5 percent in August. Admittedly, opposition economists predict an increase in inflation to 8 percent in the fall, but Premier Chernomyrdin flatly rejects the possibility of a repeat of last year's "Black Tuesday." Let us hope that there are not only fond wishes but real measures to back up these words.

A highly important factor in the country's economic development is the unprecedented rise in the ruble-dollar rate of exchange. In current conditions, the strengthening of the ruble's positions seems illogical since it is not based on an all-embracing improvement of the situation in the sphere of production. The ruble rate of exchange is to a considerable extent under the control of the Central Bank of the Russian Federation and depends on the latter's policy. The "invisible hand of the market," of which reformers dream, is still weak but is already gaining strength.

Now a word about the downside. The list is a long one but no matter which position you take there is light at the end of the tunnel. Take investments for example. The level of investment is, regrettably, still falling but, compared with last year, the decline has slowed somewhat. This primarily applies to capital investment in manufacturing installations. It is gratifying that since March commercial banks' share of investments and credit provision has trebled. And citizens' construction of their homes at their own expense using credit has risen by a factor of 1.5.

Russian citizens' living standards are falling. The average per capita income has risen by 37 percent since the beginning of the year to reach almost 540,000 rubles per month, but in the same period prices have increased by 79 percent. People have begun to put aside less money and buy less currency. Effective demand is declining and retail commodity turnover is falling. However the number of citizens whose incomes derive from entrepreneurial activity and accumulated capital is rising.

So far no effective steps have been taken to demonopolize the Russian economy. As a result we have high-earning monopolies on the one hand and an increase in monopoly-generated high prices despite the fall in inflation and the strengthening of the ruble.

The government planned to formulate a program for the development of industrial competition, but it is still not in place although the implementation of such measures could cut budget expenditure by roughly a factor of three.

It is predominantly programs designed to preserve the monopoly system that are being employed and provided with budget funds in agriculture. At the same time individual farms and private agricultural infrastructure enterprises are not finding adequate support.

The current order in the country is doing its utmost to stimulate the seizure of state property and land but is providing no incentives for their effective use and the application of resource-saving technologies. Since 1991, for instance, industry's electricity consumption has fallen by just 22 percent whereas production has fallen by 50 percent. GDP is becoming more energy-intensive.

Instruments have not been formulated whereby income from Russia's natural wealth could be directed to meet national requirements and whereby entrepreneurs would only get rich by making effective use of their property. The latter must be subject to a sizable tax in order to encourage property to work rather than be accumulated. The basis of taxation on plots of land that are being developed and used should be far lower than that on unused land. Such measures will promote the rational redistribution of state property.

The government has not managed to eliminate the budget debts. Budget spending was 83-percent funded in the first quarter of the year, and 95-percent funded during the second quarter. The debts will have to be paid off during the second half of the year.

Premier Reports Firm Macroeconomic Stabilization

LD3107124695 Moscow ITAR-TASS in English 1224 GMT 31 Jul 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, July 31 (ITAR-TASS) — The main result of Russia's social and economic development in the first six months of 1995 is the emergence of a clear-cut macroeconomic stabilisation trend, the Russian Cabinet was told at a meeting

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chaired by Prime Minister Viktor Chernomyrdin here today.

The Cabinet examined the results of the country's economic development in the first half of this year, the execution of the federal budget over the same period and the draft law on the federal budget for next year and prospects for the country's social and economic development in 1995-1996.

Economics minister Yevgeniy Yasin told the Cabinet that in the first six months of this year the volume of gross domestic product shrank by 4 percent and of the industrial production by 3 percent as against 17 and 24 percent respectively in the first half of 1994.

He pointed out that at the same time ferrous metallurgy stepped up production by 12 percent, the chemical and petrochemical industries by 9 percent. As compared to the first half of 1994, the country manufactured more cars, buses, tractors and railway wagons. Housing construction increased by 14 percent.

The country stepped up export to developed countries by 8 percent. As a result, the positive trade balance grew 600 million dollars above the target level to 9.9 billion dollars.

The Cabinet was told that nonetheless "an entire range of destabilising factors" continued to affect the social and economic situation in the country, bringing about a drop in agricultural production and capable of worsening the situation on the consumer food market.

Vice Premier Aleksandr Zaveryukha told the Cabinet that the total area under grain crops shrank this year by four percent from last year mainly due to the drought that affected a number of regions. The gross grain harvest is likely to reach 76 million tonnes this year, that is three million tonnes less than last year and 12.6 million tonnes less than the average for the past five years.

In the first six months of this year, the output of meat shrank by 16 percent from the same period last year, of milk by 14 percent, of eggs by 10 percent, and the production of consumer goods dropped by 14 percent.

All this makes the domestic consumer market more dependents on imports of food products and other mass consumption goods.

Economics minister Yevgeniy Yasin said in the second half of this year was likely to see another jump in inflation owing to the deficit of the federal budget which keeps growing because of the earlier adopted decisions relating to the social sphere.

Yasin said that the budget spending in the first six months of this year amounted to one-third of the figure targeted for 1995 as a whole. This increases the inflation load on the year's second half, he stressed.

The Cabinet today also considered the draft law on the federal budget for 1996, a prognosis for the country's social and economic development in 1995-1996, and a list of federal special-purpose programmes. These last items were discussed behind closed doors.

Article Sees Decline in Output 'Stabilizing'

MM0108084695 Moscow ROSSIYSKAYA GAZETA (Weekend Edition) in Russian 29 Jul 95 p 4

[Article by Dmitriy Pyro: "The Optimist's Forecast: It Won't Get Any Worse"]

[FBIS Translated Text] The Russian Federation Government Center for the Economic Situation has put forward its very own forecast for the production of industrial output in the Russian Federation in 1995.

It is not only in football that making forecasts is a thankless task. Nonetheless today this is a favorite genre among both economists and politicians. A grateful audience awaits the latest predictions like the next shot of optimism.

But in its deliberations the Center for the Economic Situation, in determining the prospects for what remains of the year, made use exclusively of the actual figures for the past half-year. First and foremost it took into account the established intensiveness of production of industrial output at large and medium-sized enterprises in general, in individual sectors of industry, and for the most important products, and also the monthly rates of production dynamics from July to December that have been characteristic of the past three to four years. What was the result?

The main difference between the current prospects and last year's is that Russian industry now is admittedly in a decline, but it is a stable decline. The monthly rate of this indicator stays approximately the same. That's not bad. Therefore it is anticipated that by December, instead of last year's 20 percent, we will have only a 4 percent reduction in the rate of production. It may not be ideal, but it's something.

Compared with the past two years, the volume of output produced has adapted fully to the actual effective demand. Therefore the rates of decline in production in sectors oriented overwhelmingly toward demand on the internal market (these rates are 35 percent in light industry, 12 percent in machine building, 11 percent in the food industry) are compensated for by an increase in production where a substantial stepping up of exports is occurring. For instance, in chemical and petrochemical

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industry — 35 percent; and in ferrous metallurgy — 10 percent. Production is also stabilizing in sectors such as the timber, wood processing, and pulp and paper industry, the fuel and energy complex, and, in part, nonferrous metallurgy.

Of the 191 most important types of industrial output, 128 could see a fall in the volume of output in the second half of this year. Last year the production of nearly all of them — 96 percent — fell. Nonetheless, the steepest reduction in production lies in store for light industry and machine building which produces nonfood goods for general consumption.

It is predicted that there is no cause for concern regarding a curtailment in the foreseeable future in electricity generation (and at hydroelectric power stations there is even a possibility of an increase), natural gas extraction, primary processing of petroleum, and the production of automobile gasoline and diesel fuel.

The abolition of quotas and licenses for oil exports will make it possible to some extent to overcome restrictions as regards meeting the demand on the internal market, and will therefore lead to a marked slowing of the rate of decline in oil extraction to only 5 percent compared to last year.

In machine building an increase in production in 1995 compared with 1994 is expected in those sectors where the demand comes from the elements of entrepreneurial activity that have been developing in recent years and from the petroleum refining industry. For instance, the output of cash registers could increase 80 percent, and that of cars 5 percent.

Following a significant decline, the situation in the electrical equipment industry is finally stabilizing somewhat. But there could be a fall, to a greater extent, in the production of most important types of output in the following: tractor and agricultural machine building (tractors and grain harvesting combines down by 19 percent), power machine building (diesels and diesel generators by 20 percent), construction, road, and municipal machine building (excavators down by one-third, automotive cranes by 31 percent, machines for urban municipal services by 38 percent), railroad machine building (passenger cars by 27 percent, freight cars 33 percent, diesel locomotives 37 percent, electric locomotives 44 percent) — also, buses by 19 percent and trucks by 28 percent.

Although these figures are generalizations that are hardly applicable to specific enterprises, nonetheless they do offer some conclusions on the prospects for work.

An alarming trend of our day is also highly characteristic: In the chemical and petrochemical industry, the highest increase in production is characteristic of ecologically detrimental production facilities, whose output enjoys considerably increased demand on the foreign market in 1995. The production of styrene could increase by approximately 50 percent, benzene, ethylene, and polyethylene by 40 percent, and the extraction of apatite concentrate and the production of ammonia, sulfuric acid, soda ash, and synthetic rubbers by 20-25 percent.

The industry that is of concern to everyone — the food industry — is at the same time the one where the situation is most difficult to subject to any kind of analysis. Here the rate of production is influenced by such factors as the established correlation of consumer prices for individual types of output, the correlation between the inflation rate and the population's income, competition from imported goods, the availability of home-produced raw materials for the producers, and much else. All the same, an increase in production in general, against the background of last year's profound decline, can be expected in the production of granulated sugar from sugar beet, vodka and liqueur products (by 18 percent), edible fish products, pasta, and nonalcoholic beverages. The volume of production of mayonnaise and raw alcohol produced from food raw materials could be close to last year's level.

A particularly unfavorable situation is developing in the main subsections of the meat, dairy, butter, and fats industry. The rate of decline in whole milk products could reach 25 percent (with a 12 percent reduction in public-sector milk production), in meat and meat products — 27 percent, in processed meat products — 31 percent, margarine — 44 percent, and vegetable oil — 41 percent.

Among nonfood goods, more or less the only products not threatened by a reduction in output are toilet soap, matches, and cigarettes. The situation is not likely to change substantially as regards the output of household electrical goods and radio and electronic equipment. This is first and foremost because of tough competition from better-quality imported equivalents which are comparable in price and which have filled the consumer market. As a result nothing good can be expected from the production of clocks — where output will fall by 19 percent; freezers — 29 percent; washing machines — 30 percent; black and white televisions — 33 percent; vacuum cleaners — 36 percent; refrigerators — 44 percent; and color televisions — by almost two-thirds.

Clearly there is no need to analyze in detail the forecast cited. The figures speak for themselves, without embellishing anything. The general trend is toward stabilization of the serious decline in production that has

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occurred in the country in recent years. At the moment the survivors are the most competitive enterprises and sectors and those that have no real rivals in the world market. Nonetheless, experts believe that Russian industry should not be regulated by market laws alone. Some of its most important components need substantial support. If only in order to preserve the existing potential for a "bright" future. After all, stabilizing the decline is not everything — there must be an upturn too, some day.

Paramonova Reports on Stabilization of Ruble

LD3107175595 Moscow INTERFAX in English 1527 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (FIA-INTERFAX) — Backing up the national currency remains a priority for the Central Bank of Russia [CBR], acting CBR head Tatyana Paramonova told journalists in Moscow Monday [31 July].

According to Paramonova, for the first time Russia has a chance to achieve this goal, "though not everything goes as quickly and as smoothly as the government and the Central Bank would like."

However, the ruble may be stabilized only through a normal system of payments and settlements and legal conditions promoting the development and stability of the banking sector, Paramonova said. In this context, she pointed out the need to protect the interests of private investors better and introduce up-to-date banking technology.

"Modern communications technologies will allow uninterrupted and flexible payments, including on the markets of state and corporate stocks. Naturally, this will have an impact on the efficiency of the monetary and credit policy, which will finally lead to economic stabilization," she added.

Paramonova Urges Tighter Currency Controls

MK0108090295 Moscow SEGODNYA in Russian 29 Jul 95 p 3

[Report by Andrey Grigoryev: "Central Bank To Tighten Control Over Circulation of Hard Currency. All Import Contracts To Have Passports Starting 1 November"]

[FBIS Translated Excerpt] Yesterday, the chiefs of the Central Bank and the State Customs Committee "announced," as Tatyana Paramonova put it, the new instruction "On the Procedure for Exercising Currency Control for the Validity of Foreign-Currency Payments for Imported Commodities." The control regime to be introduced starting 1 November will apply to all transactions concluded from that day on regardless of the dates of the delivery of commodities to be paid for in foreign currency. Citing bank reports, Ms. Paramonova put the monthly amount of hard currency illegally transferred abroad via fictitious import contracts at $300-400 million.

The Central Bank chief praised the instruction as "developing and improving the comprehensive system of currency control." Indeed, the emergence of this document has long been anticipated — since last fall. When the Central Bank and the State Customs Committee introduced a system of control over the repatriation of export earnings, it was announced that a similar mechanism with regard to import transactions had also been worked out. According to Vladimir Meshcheryakov, deputy chairman of the State Customs Committee, the new mechanism will draw on the existing technological system of control over export earnings. In technical terms, this system will also look similar: There will be a transaction passport and a registration card issued for every contract. Whether such payments are reasonable or not will be supervised by authorized banks. Along with an application for a transfer, documents to be submitted to the Central Bank — depending on the terms of the contract — will include a copy of a customs declaration (with payment upon arrival), a copy of a shipment declaration (with payment upon shipment), or serious guarantees that the commodities will be shipped or that money will be returned (in case of advance payment). The last case allows decisions to be made on subjective grounds and may sometimes cause conflicts. In the view of the instruction's drafters, however, documentary forms of settlements widely used in international payments (letters of credit and so forth) and a more cautious attitude of the importers themselves to their contracting parties will make it possible to minimize the problem. [passage omitted]

According to Tatyana Paramonova, the Central Bank "is aware of the fact that capital flight can only be stopped by changing the overall economic situation." At the same time, Ms. Paramonova did not deny herself the pleasure of remarking that measures to control the circulation of foreign currency "fit in harmoniously with the stabilization-aimed macroeconomic policy pursued by the Central Bank and the government."

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Report Views Effects on Ruble-Dollar Exchange Rate

MM3107132495 Moscow ROSSIYSKIYE VESTI (Saturday Edition) in Russian 29 Jul 95 p 3

[Report by Yelena Ishkova: "Money: Spring Again for the Dollar"]

[FBIS Translated Text] The Russian Federation Government Center for the Economic Situation has analyzed up-to-the-minute figures provided by the Moscow Interbank Currency Exchange [MICE] for the U.S. dollar in June and for the first quarter of 1995.

The first month of summer demonstrated the highest demand for, supply of, and sale of currency in trading history and a great decline in the dollar rate of exchange. The currency supply exceeded demand by over $1 billion to reach a record level of $4.222 billion. As a result of this imbalance the dollar exchange rate continued to fall and 30 June stood at 4,539 rubles [R], which corresponds to the level in early March 1995. What did the Central Bank of Russia [CBR] and the Government do for this to occur?

Let us remember that early in the year currency was in steady demand. The CBR had to resort to currency intervention with a view to keeping the increase in the dollar rate of exchange down to the level of inflation. The CBR's currency reserves were depleted. Therefore the Central Bank's main technical systems were channeled into increasing control over currency operations and also to restricting demand for currency both from commercial banks and the population.

Then increased demand for rubles resulted from the decision on noninflationary funding of the state budget deficit and the Finance Ministry's support for high-yielding short-term state bonds, which were used as the main means of funding the budget deficit, along with foreign loans and the efforts of the government and the CBR to enhance the appeal of operations involving ruble assets compared to the return on all currency market instruments.

The breakthrough came in the latter half of April, after the CBR adopted new capital adequacy requirements for commercial banks. As a result the "demand-supply" ratio on the MICE changed within a few days in favor of supply. As of late April the CBR attended trading as an active customer for currency in order to prevent a wholesale collapse in the dollar rate of exchange.

In June the uncertainty as regards the dollar rate was lifted, and it fell 9 percent. Now the CBR's technical resources were aimed at limiting currency sales — the introduction of a ceiling on net operations and advance depositing [vvedeniye limita netto-operatsiy, predvaritelnoye deponirovaniye]. At the same time the CBR took a series of steps to reduce the surplus ruble supply. It began opening deposit accounts for commercial banks with spare resources. The procedure for realizing some of exporters' currency earnings subject to mandatory sale was simplified. Sales were authorized not only on the money but also on the interbank market.

The strengthening of the ruble exchange rate and the simultaneous increase in domestic prices exacerbated the problem of exports' effectiveness. In the first quarter of 1995 the average commodity settlement rate was around R2,700 to the dollar and the profitability of Russian exports was close to the critical level. The Government and CBR pledge to keep the dollar rate of exchange within the R4,300-R4,900 range in the July-September period will improve the situation.

Finance Ministry Says Central Bank Should Pay Taxes

MK0108052095 Moscow SEGODNYA in Russian 29 Jul 95 p 2

[Report by Natalya Olenich: "Central Bank Does Not Want To Pay Taxes. Finance Ministry Claims That Central Bank Leadership Is Misinterpreting the Law"]

[FBIS Translated Text] Obviously tired of the tax service's pestering, the Central Bank of Russia circulated back in May a private cable intended for its own institutions and signed by Mr. Voylukov, Central Bank first deputy chairman, explaining why the country's main bank pays no taxes. The cable's author cited Article 26 of the law "On Amendments and Riders to the RSFSR Law on the Central Bank of Russia" — under which the Bank of Russia and its institutions are exempt from all taxes, duties, and other payments on the territory of the Russian Federation — and tax legislation that provides for no taxes on the Central Bank and its institutions. Therefore, the Central Bank first deputy chairman warned that all tax service directives would be sent back owing to the absence of "grounds for forcing payments." As for the tax collectors' demands for the payment of fines, they would be appealed in the Court of Arbitration.

Only two months later did the Finance Ministry come to learn by accident, from a member of the president's staff, of the existence of the cable. In this connection, the Finance Ministry's Department of Tax Reform decided to clarify to the Central Bank that it is interpreting the tax legislation incorrectly and is, with no grounds at all, evading the payment of taxes. According to the Finance Ministry officials' clarification, Russia's main bank is entitled only to certain tax breaks; in particular, the

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Central Bank is only exempt from paying income tax and value-added tax. As for Article 26 on the Central Bank referred to by Mr. Boylukov, the text of the Finance Ministry's clarification says that "it constitutes no basis for guidance until corresponding amendments are made to the current tax legislation."

In point of fact, such amendments have been introduced in the law "On the Foundations of Taxation in the Russian Federation," and they have passed three readings in the lower chamber, whereas the senators have turned down this draft law. Many people know that the Finance Ministry stubbornly fought against tax exemptions for the Central Bank when the State Duma was discussing a law on amendments to the foundations of taxation. Therefore, now that the upper house has turned down the [draft] law, the financial agency can, with a clear conscience, claim that references to the law that allegedly exempts the Central Bank from paying taxes are "inappropriate," while the State Tax Service "is guided by the tax laws rather than by Central Bank cables." It is unknown at this stage what the Central Bank leadership is going to say to the admonition of the Finance Ministry's Department of Tax Reform and whether it will pay taxes that have not yet been abolished.

Privatization Fails To Produce Planned Revenue

LD3107172695 Moscow INTERFAX in English 1527 GMT 31 Jul 95

[FBIS Transcribed Text] MOSCOW, July 31 (FIA-INTERFAX) — In the first half of 1995 the Russian federal budget failed to receive the planned 3.6 trillion rubles from privatization, which in fact means that the fulfillment of the budget's revenues regarding this article was wrecked, Russian Finance Minister Vladimir Panskov told a press conference in Moscow today.

He said that during the remaining five months of 1995 the country "still has a real chance" to replenish the revenue on this article and "get closer to the budget-planned 9.1 trillion rubles." Panskov said the government has a realistic program for receiving this money.

Panskov said he disapproved of the plan to replace the privatization revenue with a credit from the consortium of Russian commercial banks worth the same 9 trillion rubles.

Panskov said this proposal had the right to exist, but the program of the consortium must not be carried out instead of collecting money from the sale of the state-owned stake in the shares of privatized enterprises. "I have thought and I think that these are two different categories of budget revenues," he said.

Protection Plan for Communication Sector Aired

MK2907081095 Moscow KOMMERSANT-DAILY in Russian 28 Jul 95 p 3

[Report by Andrey Serov: "From Telephone Law to Telephone Patriotism"]

[FBIS Translated Text] The idea of supporting the national producer seems to be the latest hit in Moscow. Compliments to Russian industry are made with or without cause, and concern is expressed over its future. So far everything has been limited to oral statements. Yesterday's government session, however, showed that Russian authorities are gradually approaching a line beyond which they will inevitably have to take targeted actions. Thus, during the discussion of methods of supporting domestic communication equipment producers, First Vice Premier Oleg Soskovets proposed considering the possibility of increasing customs duties on the import of corresponding equipment and accessories, while Aleksandr Starovoytov, chief of the Federal Government Communications and Information Agency [FAPSI], spoke about the danger lurking in communication equipment supplied from the West.

Protectionism: Trendy and Politically Correct

Dictated by the logic of integrating into the system of world economic relations, the course toward increasing the transparency of the Russian economy has recently been supplemented (at least in verbal form) by a course toward protecting domestic producers. The shifting of accents is caused by the gathering chase for electoral votes. Five months before the elections, the government has begun to demonstrate concern for the survival of national industry and the preservation of jobs. Relatively recently a protectionist decision was made to raise food import duties, and yesterday's government session focused on problems faced by Russian communication equipment producers who, to all appearances, have hopelessly lost in the struggles with western competition.

After hearing a report by Communications Minister Vladimir Bulgak on the implementation of a long-term government economic program, Oleg Soskovets, who presided over the session, chose to emphasize that in recent years Russian communication enterprises have often preferred to buy imported equipment. Declaring a need to protect the national producer, the first vice premier posed the question: Is it not expedient to raise duties on the import of foreign communication equipment or to tighten procedures for their licensing on the Russian market? He immediately invited Vladimir Bulgak to place Russian communications-producing enterprises under the jurisdiction of his ministry. The

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minister, however, did not respond with any particular enthusiasm.

Russian Telephones Are the Largest

It is not difficult to understand such a reaction by Bulgak to a seemingly attractive proposition to extend the jurisdiction of his department. The minister told your KOMMERSANT-DAILY correspondent in the lobby outside the session that domestic automatic telephone exchanges lag behind their western counterparts on most indicators by some 20 years. They are bulky (take up four-story buildings) and uneconomical. As for hip cellular phones and pagers, no components for them are manufactured in Russia in the first place. In principle, mobile phones are produced in Russia, but they are turned out on a truly Russian scale: each weighing two to eight kilograms. At least seven years would be required for Russia's much-touted science community and Russia's no-less-touted industry to create a mobile phone comparable to western models (200-300 grams).

Bulgak attributed the lag in the national communications industry partly to historical reasons. The Soviet communications system was oriented toward deliveries from the Comecon countries. Very few automatic telephone exchanges were produced in the country. In the final analysis the main problem was (and still is) the low level of Russian microelectronics. After the disintegration of Comecon, it transpired that it is more profitable to buy equipment not in Eastern Europe but in the West. Domestically produced automatic telephone exchanges were good enough only for the countryside. The position of the Russian producers was aggravated by declining Defense Ministry orders. As a result, at present approximately 500 billion rubles worth of unsold products have accumulated at the depots. Therefore, it is unlikely that the Communications Ministry will take on such dead wood without offering firm resistance first.

Love Cannot Be Forced, But Goods Can

Assistance for the Russian communications industry can, however, be rendered in a different way than by increasing import duties or placing enterprises under the Communications Ministry's purview. The government can try to impose their products on 86 Russian telephone companies whose controlling block of shares is owned by the state. Judging by the decisive mood of Oleg Soskovets, who is responsible in the government for the communications sector, this is not ruled out, in some form or other, in the very near future. At the same time it is virtually impossible to force communication workers to start using exclusively domestically produced equipment. This would sharply reduce the range of services telephone companies can now offer to their clients, and seriously reduce their profitability levels. A more remote implication would be a decline in tax revenues to the budget and receipts from the sale of state blocks of shares.

FAPSI Has Warned the Central Bank

The session heard a sensational statement from FAPSI Chief Aleksandr Starovoytov. He said that an inspection of the Central Bank's communications system by his service has established that it is not protected against unauthorized access. According to him, by way of experiment, FAPSI officers penetrated the Central Bank data system and found that, if they had to, they could have easily conducted certain operations in the bank. Had such interference been done by rogues, it could have led, in Aleksandr Starovoytov's words, to another "Black Tuesday or Red Saturday." Next the FAPSI chief, in the spirit of the government's verbal campaign in support of national producers, reported that his service cannot guarantee the security of communication equipment bought from abroad. He shared information obtained from the Foreign Intelligence Service [SVR] and the Main Intelligence Directorate [GRU] about the intensified activity of western special services in the information sphere, and indicated that imported communications systems are not reliable enough. On the whole, against the backdrop of talk about the need to protect Russian communication equipment producers against rapacious western competition, his statement was reminiscent of a piano-in-the-bush situation.

TV Mutual Debt Clearance

Valentin Lazutkin, head of the Federal TV and Radio Broadcasting Service, began his presentation on a patriotic note. He made his contribution to the subject of protectionism by stating that Russian TV needs Russian communication satellites. Otherwise the broadcast control button can again end up in western hands.

Hitting his stride, Lazutkin then steered the discussion to the subject of TV company debt to communications workers. Following Finance Minister Vladimir Panskov's proposal, the government decided to clear the mutual state TV companies' debt for the previous year, with no budget funds allocated for settling it this year. With Oleg Soskovets' approval, representatives of the departments concerned should now try to build a mutual debt chain until it reaches the enterprises that have debts to the budget. The TV companies' debt will then be credited to them. Amid the unfolding political struggles, in choosing between TV and the industry, in the final analysis it is more expedient to bank on TV and make the industry foot the bill.

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Gazprom To Build Gas Pipeline in Romania

MK0108055095 Moscow KOMMERSANT-DAILY in Russian 29 Jul 95 p 9

[Unattributed report: "'Gazprom' Will Build a Gas Pipeline in Romania"]

[FBIS Translated Text] The "Gazprom" Russian Joint-Stock Company and the Romanian Romgas company intend to create a joint-stock company to fund, build, and operate a pipeline running across the territory of Romania to bring Russian gas to customers in that country and other European countries. The draft of a corresponding intergovernmental agreement provides for nearly 250 billion cubic meters of gas to be pumped through the pipeline before the year 2010. Within three months of the registration of the joint-stock company, its founders are to sign a treaty on the principles of funding the project and the procedure for attracting and repaying credits and investments. The draft agreement provides for exempting the joint-stock company from customs duties, income and land taxes, and a number of other payments. Presumably, the joint-stock company being formed will take over ownership of gas industry facilities being built in Romania. Furthermore, the joint-stock company will be able to lease the operating Romanian gas-transport facilities and those being reconstructed and then buy them.

Grain Purchasing, Delivery Mechanisms Not Found

MM2807134095 Moscow ROSSIYSKAYA GAZETA in Russian 28 Jul 95 p 15

[Article by Aleksandr Gavrilyuk: "We Are Going To Harvest the Grain, But Who Is Going To Buy It"]

[FBIS Translated Text] The grain harvest is already coming to an end in a number of regions of Russia. However, the situation regarding the state purchases policy this year remains largely unclear.

In accordance with the Russian Government's Decree No. 241 of 13 March 1995, guaranteed minimum purchase prices for grain were introduced for the first quarter of this year which among other things could serve as a guideline in the conclusion of forward contracts for grain in 1995. On 1 July 1995, minimum prices rose on average by 25 percent, in other words, they were adjusted in the light of inflation. Meanwhile, bearing in mind the ruble/dollar exchange rate band introduced by the Central Bank of Russia and the Russian Government (set at 4,300-4,900 rubles from 6 June through 1 October), it may be considered that the new guaranteed prices have moved significantly closer to world prices.

Whereas the official minimum guaranteed level of prices (it is presumed that the real level of purchase prices will be higher) could serve as a guideline for agricultural producers on the eve of the purchasing campaign, the purchase mechanism itself has not yet been finalized.

The Federal Food Corporation, which performs the function of state client for purchases into state stocks, has still not decided which structure will deal with the actual delivery of the grain. The "Roskhleboprodukt" joint-stock company, which used to deal with purchases into the federal fund, has not yet begun purchase operations. Meanwhile an alternative company to perform these functions has not been chosen. The tenders, which were also envisaged in the March decree have still not been submitted and, what is more, the tendering mechanism has not been elaborated yet.

As of mid-June, the Federal Food Corporation had concluded contracts for 11.8 million tonnes of grain on a commodity credit basis. Virtually the entire amount is contracted for delivery into regional stocks. At the beginning of July contracts were concluded for the supply of around 200,000 tonnes to federal stocks as against a planned purchase figure of 8.6 million tonnes of grain for this year.

Admittedly it is possible that treasury bonds could be a more reliable means of payment for the delivery of grain to federal stocks. However, much of the grain purchases expected to be funded by the repayment of budget loans issued in 1993-1994 to the "Roskhleboprodukt" joint-stock company and regional purchasing organizations might not materialize if the grain consumers do not repay those loans, as happened last year.

Russo-U.S. Price Monitoring Set Up in Altay

LD0108141495 Moscow ITAR-TASS World Service in Russian 0215 GMT 1 Aug 95

[By Valentin Pavlov]

[FBIS Translated Text] Barnaul, 1 Aug (ITAR-TASS) — The implementation of a program to set up price monitoring for agricultural produce has commenced as of today in the Altay Kray.

In this Siberian territory, as in the Kemerovo, Leningrad, Rostov, and Tula Regions, the project will be carried out within the framework of the Russo-U.S. treaty of the same name. Developers of modern technology from the U.S. Department of Agriculture have offered consultancy and financial aid to Altay Kray to buy office equipment and train experts.

According to Mikhail Pochechun, deputy chief of the main agricultural directorate of the Altay Kray, the implementation of price monotoring presupposes a prompt

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presentation of information on levels of prices for agricultural produce and on the various types of produce available and in demand. This will permit a reduction in the trading time for agricultural produce and the setting up of a data bank.

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International Affairs

Foreign Ministry on Decision on Bosnian Arms Embargo

LD2907133395 Moscow INTERFAX in English 1314 GMT 29 Jul 95

[FBIS Transcribed Text] KIEV, July 29 (INTERFAX-UKRAINE) — Ukraine's Foreign Ministry believes that unilateral decisions to lift embargos on arms supplies to the former Yugoslavia will not be conducive to gaining a comprehensive political solution to the conflict there.

Two days ago the U.S. Senate decided to lift the embargo on arms supplies to the Bosnian Muslims.

As the Foreign Ministry said in its statement forwarded to INTERFAX-UKRAINE, the decision taken by American legislators and the UN Secretary General Butrus Butrus-Ghali's consent to transfer the power to take decisions on air strikes to the command of the UN Protection Forces may put the conflict in the former Yugoslavia on the road of dangerous and unpredictable development.

Though understanding the motives for such steps, the statement says, Ukraine's Foreign Ministry still thinks that they may lead to expanding military actions, increasing civilian casualties, making it impossible to effectively ensure security for the UN peacekeepers and jeopardizing prospects for achieving a peaceful, political solution to the conflict in the former Yugoslavia.

Ukraine's Foreign Ministry says it hopes that the implementation of the UN Secretary General's resolution will not exceed the limits of the mandate determined by the Security Council's Resolution No.836 of 1993, and will not result in escalating the conflict.

Ukraine's Foreign Ministry proceeds from the assumption that NATO will resort to air support only in exceptional cases, connected primarily with direct threats to the safety of UN peacekeepers.

In connection with the Bosnian Serbs' offensive on the Muslim enclaves in Zepa and Gorazde the lives of over 150 servicemen from two companies of Ukraine's Battalion No.240 in Bosnia came under direct threat.

Ambassador to Croatia Views Situation

LD3107190695 Moscow INTERFAX in English 1814 GMT 31 Jul 95

[FBIS Transcribed Text] KIEV, July 31 (INTERFAX-UKRAINE) — Over the past week-end, there were no changes in the eastern Muslim enclaves of Gorazde and Zepa, INTERFAX-UKRAINE was told by Ukraine's Ambassador to Croatia Anatoliy Shostak.

The 80-men strong Ukrainian contingent remains stationed in Zepa. At the end of last week, another 60 peacekeepers, who were stationed in Sarajevo before, were sent to the enclave to reinforce it. Among them are servicemen from Ukraine (from the first company, 240th battalion) and "blue helmets" from Russia and France. Their major objective, the ambassador emphasized, is to assist in the evacuation of civilians which has been practically completed by today. "Women, chirdren, old and wounded people have already been withdrawn, only servicemen of Bosnia and Herzegovina's Armed Forced are staying there now."

Shostak said that the day before Bosnian Serbs, acting on the instructions of their commanding officer Ratko Mladic, shot the detained commanding officer of a Bosnian brigade, General Palic.

The ambassador said that the public opinion and the government circles of Croatia are inclined, in case talks are held, to conduct them only with governmental delegations of Bosnia and Herzegovina and Yugoslavia. "The main condition on the part of Croatia for the talks to be held is the recognition by the FRY authorities of the borders of both Croatia and Bosnia and Herzegovina". However, even in this case, the ambassador stressed, the Croatian authorities will hold talks only with Izetbegovic and Milosevic. Leaders of Bosnian and Krajina Serbs Radovan Karadzic and Milan Martic, in Zagreb's opinion, "are self-styled leaders in the captured territories". "Franjo Tudjman cannot sit down to the negotiating table with them, Shostak said. By the ruling of the Hague International Court, they have been branded as military criminals and are even not supposed to leave the territories controlled by them now".

Udovenko: Sanctions Caused Great Losses

LD3107203595 Belgrade TANJUG in English 2015 GMT 31 Jul 95

["Pool" item]

[FBIS Transcribed Text] Kiev, July 31 (TANJUG) — Ukrainian Foreign Minister Hennadiy Udovenko said Monday [31 July] that his country was doing everything in its power to help lift the sanctions against Yugoslavia [FRY].

He said the sanctions had caused great losses both to Yugoslavia and Ukraine, as well as to other countries.

Udovenko said this in talks with Yugoslav Ambassador to Ukraine Gojko Dapcevic prior to Tuesday's arrival in Kiev of Serbian Prime Minister Mirko Marjanovic.

He said Ukraine believed the crisis in Bosnia and other disputed areas in the former Yugoslavia should

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be solved peacefully, and not by force and NATO air strikes.

The Ukrainian foreign minister said the expected meeting with Marjanovic would be an opportunirty for further improvement of Ukrainian-Yugoslav relations.

"Ukraine and Serbia, and the Federal Republic of Yugoslavia, have many common interests," Udovenko said, adding that this fact should be more efficiently exploited, especially in the economic sphere.

After receiving the Yugoslav ambassador's credentials for Ukrainian President Leonid Kuchma, Udovenko said that the decision to raise Ukrainian-Yugoslav relations to the ambassadorial level showed how much Ukraine was interested in cooperation with Yugoslavia.

Ambassador Dapcevic said that the Federal Republic of Yugoslavia highly valued Ukraine's sincere and constant efforts toward a peaceful settlement of the conflict in the former Yugoslavia, as well as its readiness to further strengthen and expand bilateral ties with Yugoslavia in present conditions.

Kiev To Sign Trade Pact With Serbia

WS0108110295 Kiev INTELNEWS in English 2356 GMT 31 Jul 95

[FBIS Transcribed Text] Kiev, July 31 — Ukraine will take its opposition to United Nations sanctions against Yugoslavia one step further Tuesday [1 August] when it signs a trade agreement with Serbia, Foreign Ministry spokesman Yuriy Serheev announced Monday [31 July].

The spokesman, however, said that the agreement would only become effective with the lifting of the sanctions.

Ukraine has repeatedly called for the lifting of sanctions against the former Yugoslav republic, arguing that the disruption of commerce has greatly hurt its economy.

Mirko Marianovich, head of the government of the Serb republic will arrive in Ukraine at the head of a Yugoslavian delegation Tuesday, Serheev said.

During the visit, Nichol Shainovich, deputy prime minister of federal Yugoslavia, and Ukrainian Humanitarian Deputy Prime Minister Ivan Kuras will sign two intergovernmental agreements on trade and economic cooperation and on the creation of a joint commission on trade, economic and scientific-technical cooperation.

Marianovich and other members of the delegation will also meet President Leonid Kuchma and Prime Minister Yevhen Marchuk.

Joint Excercises With U.S. Marines Viewed

MM3107132395 Moscow IZVESTIYA in Russian 29 Jul 95 p 4

[Article by Nikolay Semena: "New Brothers in Arms? Ukrainian Sailors Prefer U.S. 6th Fleet as Partners"]

[FBIS Translated Text] Shirokyy Lan Test Range, Nikolayev Oblast — Two servicemen, sheltering in the shade of an APC, gesticulate to one another, exchange insignias, and offer each other a drink of water from their flasks. Such scenes were frequent occurrences during exercises involving troops from the former Warsaw Pact countries. As a rule those exercises were called "brothers in arms," as some people will probably still recall. The picture is somewhat different today — now it is Ukrainian Naval Infantry Sergeant Mykytenko and Corporal Moore from the U.S. Marines' 24th Expeditionary Corps, who are sitting by the APC on the test range near Nikolayev comparing the merits and defects of our "Kalashnikov" and "their" M-16 automatic....

The dark-skinned corporal, who hails from North Carolina, said that he is happy to be taking part in the Ukrainian-U.S. exercises rehearsing marine peacekeeping operations and he finds it easy to work with and understand his Ukrainian colleagues. The Ukrainian sailors are happy too — they have rarely been able to do much fire training or use armored vehicles and helicopters, in short, to do any real training. The servicemen are glad to see one another's weapons and equipment and pay visits to each other's vessels in turn — in one case to the patrol boat Hetman Sahaydachnyy, in the other to the U.S. ASW ship Pensacola, a helicopter-carrier which among other merits has a dry-dock style docking well for the disembarkation of an additional landing barge. The Pensacola and its crew also have considerable experience of participation in peacekeeping operations.

The exercises undoubtedly benefited both the Ukrainian Navy, which has been standing idle through lack of fuel, and the U.S. 6th Fleet. Colonel Ron Fleming, commander of the American Marine Corps at Nikolayev, was keen to ask the Ukrainian admirals about the potential of the Shirokyy Lan test range where the exercises were held. He told IZVESTIYA:

"The U.S. 6th Fleet contingent, which is in the Mediterranean, has no bases for staging exercises on land. This is a very densely populated region with intensive tourism and there is no room here for military maneuvers, meanwhile the marines need constant training in the coastal zone..."

Col. Fleming was very happy when he learned that in addition to extensive opportunities for fire training the

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test range, which covers an area of 30,000 hectares, also has a tank training ground and a water obstacle training facility. He immediately suggested that tankmen carry out exercises in driving their combat vehicles under water. The colonel told IZVESTIYA that company exercises are of course a low level of interstate cooperation but soon the La Salle, the flagship of the U.S. 6th Fleet, will arrive in Odessa — the leadership of that ship is considerably more elevated than he — and cooperation between the Ukrainian and U.S. troops will continue on a larger scale.

"The exercises showed once again," Rear Admiral N. Kostriv, deputy commander of the Ukrainian Navy, said, "that the Ukrainian Navy and its naval infantry have become a real factor which no-one can ignore." And even though it numbers just 15 ships today it has already taken part in international exercises in the Black Sea and made voyages to France and in September Ukrainian sailors will be taking part with the Americans in joint exercises in South Carolina.

Of course there is nothing unnatural or wrong about the fact that Black Sea states — not only Ukraine and Moldova! — should receive the U.S. 6th Fleet as a natural partner. Russia, it has to be said, is no laggard in this regard either — last year similar exercises were held with the Americans at the Totskoye range and naval exercises were held off Vladivostok. What is unnatural is that the Black Sea Fleet, the oldest navy in the region, is received here today with far less enthusiasm, to put it mildly, than the U.S. Navy. I asked Vice Admiral V. Bezkorovaynyy, commander of the Ukrainian Navy, the following question: Given that Russia and Ukraine are strategic partners, what light does that cast on the Ukrainian-U.S. exercises, contacts, and plans?

"The exercises are not directed against third countries," the vice admiral replied. "This is a purely peacekeeping exercise. Real actions of this kind are not even being planned. Second," he said evasively, "we haven't noticed any particular desire on the part of the Black Sea Fleet even to see us...."

The commander's first assertion is debatable too. According to the fictional scenario of the exercises, the events are taking place in a country called Kimmeriya the bulk of whose population are by ethnic origin from the neighboring country of Nagoniya, which intervenes in the conflict and supplies weapons and other aid to extremists. This scenario is extremely transparent and can be easily deciphered if you know that Kimmeriya is the name that the poet Voloshin [Ukrainian poet 1877-1932] first gave to Crimea. Hence it is clear which country Nagoniya is and in which precise part of the world the situation is being modeled...

Nevertheless, as Admiral Bezkorovaynyy told journalists, his main headache is the problem of the division of the fleet. In addition to all the other consequences of this operation, in his opinion there will be another purely psychological but very important consequence. Perhaps after this division the Black Sea countries will have a real partner in the form of the new Russian fleet. If that had happened far earlier there might have been other partners in these exercises now and the fictional background to the exercises would have been quite different too....

[Footnote] It is curious that Moscow is absolutely indifferent to the implied significance of these exercises and to the fact of the exercises themselves.

"We have no information on that score and, furthermore, our first knowledge of it came from the facts contained in the IZVESTIYA correspondent's account," we were told at the Foreign Ministry's Information Department.

When the editorial office asked the Russian Defense Ministry to comment on the exercises at Shirokyy Lan, the Defense Ministry Information Directorate simply refused to discuss this matter and switched our call to the automatic answering machine.

Kuchma, Yeltsin Congratulate Black Sea Fleet

LD3107153095 Moscow INTERFAX in English 1442 GMT 31 Jul 95

[FBIS Transcribed Text] KIEV, July 31 (INTERFAX-UKRAINE) — Presidents Leonid Kuchma of Ukraine and Boris Yeltsin of Russia have signed a joint message of congratulations to the Black Sea Fleet (BSF) seamen on the occasion of the Navy Day.

"The Russian and Ukrainian peoples take pride in your fidelity to the heroic traditions of the Black Sea Fleet," the message says.

"Under the agreements recently reached in Sochi," the two presidents stressed: "We are determined to finally settle the BSF problem within the shortest time possible."

"Intensive work is underway on specific accords, which will meet the national interests of Russia and Ukraine and help towards their closer and deeper cooperation on the basis of partnership, mutual respect and trust," the presidents noted.

They also expressed confidence that "the Black Sea Fleet seamen will further worthily do their not easy duty for the benefit of the fraternal Russian and Ukrainian peoples."

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Russian TV Switched to Less Popular Channel

LD0108085295 Moscow ITAR-TASS in English 0801 GMT 1 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV August 1 (ITAR-TASS) — Ukraine switched the broadcasts of the Public Russian Television (ORT) to a less popular channel Tuesday thus considerably reducing the Ukrainian audience of the main Russian TV network which is a successor to the former Soviet "Ostankino" TV.

The ORT will now be broadcast on channel 2 which covers 72 per cent of the Ukrainian territory in contrast to channel 1 which covers 97 per cent of Ukraine. Regional TV companies will now decide whether to air their own or ORT programmes.

The decision to switch the ORT to a less popular channel was caused by the 15 billion rouble (over 3 million USD) ORT debt to the Ukrainian State TV and Radio company. Besides, the ORT has not signed the agreement on broadcasting its programmes in Ukraine, according to chairman of the Ukrainian State TV and radio company Zinovy Kulik.

He said the problem is to be solved on the government level and did not rule out that the ORT might soon return to channel 1.

Romanian Border Officials To Boost Cooperation

LD3107184295 Kiev UNIAN in Ukrainian 1400 GMT 31 Jul 95

[FBIS Translated Text] Kiev — Border troop commanders of Ukraine and Romania have agreed to draw up cooperation accords on simplified travel procedures, border-crossing and border checkpoints, the press service of the State Committee for Defense of Ukrainian State Borders told UNIAN. The commanders held a working meeting on 27-28 July in Chernovtsy.

According to head of the committee's external relations service Leonid Osavolyuk, the sides agreed to continue cooperation between the two countries' border services under the Treaty on the Soviet-Romanian State Border, Cooperation and Mutual Assistance on Border Issues, signed on 27 February 1961 in Bucharest.

During the meeting, Ukraine's Border Troops Commander Viktor Bannykh and his Romanian counterpart, Dumitru Luca stated that the situation at the joint border was stable and under control. No conflicts had been recorded.

The Ukrainian delegation reported an increase in illegal immigration to Romania through the Ukrainian-Moldovan border.

National Affairs

Kuchma: New Currency 'No Later Than' October

AU3107155495 Kiev HOLOS UKRAYINY in Ukrainian 28 Jul 95 p 1

[Unattributed report: "The President Has Promised Us the Hryvnya. No Later Than October"]

[FBIS Translated Text] The Ukrainian national currency — the hryvnya — will be introduced no later than this October, President Kuchma told a conference with local Kiev leaders on Wednesday [26 July].

According to him, as reported by INTERFAX-UKRAYINA, after the hryvnya is introduced, a stringent budgetary and monetary policy will be pursued. It must promote stability of the new monetary unit.

Kuchma's recent edict appointed Prime Minister Yevhen Marchuk as head of the commission for implementing the monetary reform; rayon and oblast commissions have also been created.

Different estimates have the hryvnya introduced at a ratio of 1:10,000 or 1:100,000 to the karbovanets. The karbovanets's present exchange rate is 150,000 to the dollar.

Banknotes for the new currency were printed in 1992-93 by the Canadian firm "Canadian Banknote" and are stored at the National Bank.

According to leaders of Ukraine's National Bank, Ukraine has already accumulated currency reserves amounting to $2 billion to back the new currency. At the same time, the leadership of Ukraine's National Bank and the Cabinet of Ministers are continuing negotiations with the IMF on granting an additional sum of about $1 billion as a stabilization fund.

Kuchma Reportedly Willing To Reconsider Crimean Edict

LD3107161395 Kiev UNIAN in Ukrainian 1445 GMT 31 Jul 95

[FBIS Translated Text] Simferopol, 31 Jul (UNIAN) — Ukrainian President Leonid Kuchma is ready to reconsider his edict on resubordinating the Crimean Government to the Ukrainian Cabinet of Ministers in order to grant the autonomous republic's Supreme Council power to form the government, speaker Yevheniy Suprunyuk told a meeting of the parliament's presidium.

The presidium sent an appeal to President Kuchma on 26 July asking him to review the edict which stripped

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the Crimean Parliament of the power to appoint and control the republic's government. The members of parliament assured the Ukrainian president of their willingness to act within the bounds of Ukrainian law.

Suprunyuk said he had held several telephone conversations with Kuchma since the Crimean parliament's appeal in which the Ukrainian president expressed no objection to amending the edict. In return, the president asked the Crimean parliament to cancel its resolution of 22 March 1995 dismissing Prime Minister Anatoliy Franchuk and appointing Anatoliy Drobotov as Crimean prime ministerr. The parliament will consider the issue at its plenary sitting on 2 August.

Supreme Council Requests Amended Edict

LD3107140395 Kiev Radio Ukraine World Service in Ukrainian 1000 GMT 31 Jul 95

[FBIS Translated Text] The presidium of the Supreme Council of Crimea has requested that Ukrainian President Kuchma amend his edict of 31 March 1995 and thus vest the Supreme Council with the right to form the government of Crimea.

An appeal by the presidium to the president, which was circulated in Simferopol 31 July, says that the formation of the new presidium of the Supreme Council of Crimea is a manifestation of the desire to achieve serious changes in the political and economic life of the autonomous republic and evidence that members of parliament are well aware of their responsibility for what is going on in Crimea.

We have declared responsibly that we shall work within the legal framework of Ukraine, for the benefit of the residents of Crimea and the people of Ukraine and the very first moves by the new presidium have yielded positive results, the appeal says. The law on the state budget of Crimea, the privatization program, and other legal acts have been adopted. Work on a new constitution for the autonomous republic has been stepped up. Meanwhile, it is impossible to ensure the efficiency of both the Supreme Council and the government of Crimea without a well-organized interaction between these bodies of power. As is known, the government of Crimea is now temporarily subordinated to the Ukraine Cabinet of Ministers. The Supreme Council of Crimea is actually deprived of any possibility of participating in the formation of the government and exercising parliamentary control over its activities. In real life this leads to a worsening of the interaction between the legislative and executive authorities, thus affecting the process of resolving social and economic issues, the appeal says.

Crimean-Tatar Party Addresses Statement to Kuchma

LD3107164395 Kiev UNIAR in Ukrainian 1530 GMT 31 Jul 95

[FBIS Translated Text] Simferopol — The organizing committee of the "Adalet" party (a Crimean-Tatar national party — Adalet means "Justice") has circulated a statement addressed to Ukrainian President Leonid Kuchma and the Supreme Council demanding the immediate approval of legislative acts that would regulate the formation and activities of public groups concerned with protecting and supporting order. This statement denies rumors about the activities of askery detachments [Crimean-Tatar self-defense detachments] in Crimea. "There is no doubt that the initiators of this deliberate disinformation are counting on the destabilization of the situation in Crimea and are making new attempts to cause friction among Crimean residents on grounds of nationality," says the statement.

Government Concludes Tatar Riot Inquiry

WS0108110695 Kiev INTELNEWS in English 2356 GMT 31 Jul 95

["Special to INTELNEWS" by Lilia Budzhurova]

[FBIS Transcribed Text] Simferopol, July 31 — The Ukrainian government has wrapped up its inquiry into last month's outbreak of violence by Crimean Tatars by calling for aid to members of the group wishing to return to Crimea and an increased fight against organized crime on the peninsula.

Thousands of Tatars rioted over the weekend of June 23 to 25, angry over alleged "mafia" involvement in the beating death of two of their compatriots at a village marketplace. Two Tatars were also killed by militia in the clashes, in which kiosks were set on fire by members of the group seeking retribution for the killings.

Vasyl Durdenets, the deputy prime minister in charge of security and extraordinary situations, concluded the commission's final meeting Monday by his primary task was to "solve the national and demographic questions as well as arrangements of settlers and programs for returning all Tatars wishing to return to their motherland."

Durdenets said that a special program is being created by state to assist in the repatriation of the group, forcibly deported from Crimea more than 50 years ago by Soviet leader Joseph Stalin, and called for the allocation of KBV2 trillion for this year's program costs.

Durdynets also called for the "strengthening of law and order and the intensification of the fight against criminality and organized criminality."

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"This work will be under my private control," the deputy prime minister said, adding that he will be assisted in investigations by Deputy General Prosecutor Olha Kalynko.

Chechen Representative To Address Lvov

WS3107140095 Kiev INTELNEWS in English 0121 GMT 31 Jul 95

[FBIS Transcribed Text] Lvov, July 29 — Ruslan Badayev, an official representative of the Chechen Republic, arrived in Lvov Saturday to deliver the truth about the Chechen situation, visit organizers said.

Organizers said they plan to hold a press conference, trying to have Badayev's speech broadcast on television and radio.

On Sunday, Badayev is scheduled to meet with civilian representatives in the Lvov commodity exchange.

Communists: Limits on Ostankino TV May Raise Ethnic Tension

LD3107111795 Kiev UNIAN in Ukrainian 0945 GMT 31 Jul 95

[FBIS Translated Text] Kiev [no date as received] — At its latest sitting, the presidium of the Central Committee of the Communist Party of Ukraine condemned the "provocative action" by the right-wing nationalist forces which, in the opinion of the Communists, used the funeral of Patriarch Volodymyr (Romanyuk) to step up tensions in society and raise their rating, which is steadily falling.

In view of the possibility of transferring the Russian Public Television channel "Ostankino" to the second channel of Ukrainian TV, the presidium expressed its concern at the fact that the action could be used by certain political forces to step up inter-ethnic tensions and that it could become an additional lever in the hands of those who are interested in confrontation between Ukraine and Russia. The Communists believe that all problems connected with "Ostankino" should be solved through negotiations and on the basis of interstate agreements.

The sitting of the presidium, attended by first secretaries of regional committees of the Communist Party of Ukraine also discussed preparations for the forthcoming elections in Ukraine. The sitting took a decision on the expediency of electing new deputies representing the Communist Party to the Supreme Council of Ukraine with the aim of changing the situation in parliament where "representatives of the nationalist forces and national bourgeoisie have increased their influence."

Kiev Socialists To Picket Ukrainian State TV

LD3107185695 Moscow INTERFAX in English 1814 GMT 31 Jul 95

[FBIS Transcribed Text] KIEV, July 31 (INTERFAX-UKRAINE) — The Secretariat of the Kiev city committee of Ukraine's Socialist Party has declared its intention to participate in the picketing on August 2 of the building of Ukraine's State TV and Radio Broadcasting Company launched by Ukraine's Civic Congress in protest against the cut in the broadcasting time of the Public Russian Television (ORT) in Ukraine.

In a statement sent to INTERFAX-UKRAINE on Monday [31 July] the Secretariat of the city committee of the Socialist Party has urged President Leonid Kuchma of Ukraine to cancel the order on reswitching the Russian TV company ORT (former Ostankino - INTERFAX-UKRAINE note).

The socialists are also demanding that the administration of Ukraine's State TV and Broadcasting Company resign and "the principles and the trend in the activities of the National TV and Radio Company be revised and an end be put to its use in the interests of the rightist forces, in their unpopular interests".

On July 18, Ukraine's State TV and Radio Broadcasting Company ordered that the ORT programs be switched to another channel and programs of the local studios and the Moscow channel be combined in a single channel.

Earlier, Ukraine's Premier Yevhen Marchuk said that his government was planning to switch as of August 1 the Ostankino programs to the second channel UT-2, yet it did not intend to cease the broadcasting of ORT TV programs.

This measure has been taken in face of the failure of the ORT to comply with the agreement on the payment for the broadcasting of its programs in Ukraine. According to some estimates, this will result in a decline in ORT's audiences from 92 per cent down to 70 per cent.

A number of local administrations in eastern Ukraine declared their intention to fund the broadcasting of the ORT programs in their territories.

New Maritime Workers Union Formed

WS3107140595 Kiev INTELNEWS in English 012. GMT 31 Jul 95

[FBIS Transcribed Text] Odessa, July 29 — The new Ukrainian Maritime Sailors Union was formed to organize all maritime workers into one common group, according to a weekend MORYAK newspaper report.

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The new union will combine Ukraine's river, ocean, fishing and some port labor unions. The combined union thus becomes one of Ukraine's largest, with a membership given at approximately 250,000. Hennadiy Bakaev, union general secretary, said, "We concluded that we could not survive separately. He said that without a federation of maritime workers, it would be impossible to have a productive dialogue with governmental structures." "Internally the workers' words will be better heard if they are united into one voice," Bakaev said.

According to Bakaev, the key issue immediately facing the union is uniting the budgets of the older unions that comprise it. Bakaev said he admitted that some integrated unions are not eager to contribute to a general union budget.

Economic Issues

Kuchma Advisor Views Implementation of Monetary Reform

LD3107181695 Moscow INTERFAX in English 1655 GMT 31 Jul 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov and Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] Anatoliy Galchinskiy, presidential adviser for macroeconomic matters, told Interfax that the mechanism of implementing monetary reform was still pending approval.

IF Note: In a speech to the meeting of local government officials in Kiev last Wednesday, President Leonid Kuchma announced that a national currency unit, hryvna, would be introduced by October. He said the measure would be followed by tighter budget and monetary policies to back up the new currency unit.

Prime Minister Yevheniy Marchuk was appointed in charge of a commission responsible for carrying out the reform.

Galchinskiy said the working group he was leading had fleshed out as many as 17 documents aimed at revaluation of pensions, wages, basic assets, bank accounts and so on. No decision has so far been taken whether to set the hryvna rate at 10,000 or 100,000 karbovantsy, he said.

Galchinskiy said the main priority now was how to prepare a set of stabilization measures to be carried out before and after introducing the hryvna.

This includes a resolution by the National Bank to ban the circulation of other currencies from August 1 as well as a series of presidential decrees on privatization signed in recent time. Galchinsky said all of them were aimed at stimulating privatization of small businesses widely seen as an important factor of stabilization.

He also said that Kuchma was due to sign two other decrees soon. One deals with land mortgage and the other with anonymous currency accounts both by residents and non-residents.

Hard Currency Cash Payments Banned

LD0108084495 Moscow ITAR-TASS in English 0744 GMT 1 Aug 95

[By Mikhail Melnik]

[FBIS Transcribed Text] KIEV August 1 (ITAR-TASS) — Ukraine banned hard currency cash payments from August 1 as the first step towards a monetary reform which is to be crowned by the introduction of the new national currency — grivna — in autumn.

Shops trading for hard currency will now have to accept Ukrainian karbovanets interim currency. It was also prohibited to make hard currency cash contributions to the authorised capital of companies.

The decision, however, does not concern duty-free shops, hotels, customs and booking offices selling tickets to foreigners, as well as enterprises engaged in international transportation in border areas.

Ukrainian President Leonid Kuchma promised that the grivna would be intorduced in the country not later than in October and the commission for monetary reform headed by Prime minister Yevheniy Marchuk is frantically looking for a sufficient stabilisation fund.

Government sources said the fund already included two billion US dollars and another billion was necessary. The International Monetary Fund promised to provide it.

Stanley Fischer, vice-managing director of the IMF is visiting Ukraine and is scheduled to meet the president, the parliamenmt speaker, the prime minister and leading bankers on Tuesday.

Observers believe that the issue of providing the lacking one billion US dollars can be solved already today.

Cabinet Dissatisified With Progress of Privatization

LD3107193495 Kiev UNIAR in Ukrainian 1830 GMT 31 Jul 95

[FBIS Translated Text] Kiev [no dateline as received] — A meeting of the Ukrainian Cabinet of Ministers, chaired by Prime Minister Yevhen Marchuk, was attended by the prime minister of the Republic of Crimea and chairmen of the regional Kiev and Sevastopol town state administrations.

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The meeting discussed and declared unsatisfactory the course of implementation of the presidential edict of 14 October 1993, "On the privatization of uncompleted construction sites" in Zaporozhye, Ivano-Frankovsk Regions, and the city of Kiev.

As of June 1995, there were 295, 192, and 112 such sites respectively in these territories. Of these, two were privatized in Zaporozhye Region and two in Kiev, but not a single one was privatized in Ivano-Frankovsk Region. Of the 1,200 uncompleted sites earmarked for privatization in 1995, only six were privatized in the first quarter. In order to speed up the process, the State Property Fund and the Kiev town state administration have been instructed to draw up a simplified method for the privatization of uncompleted construction sites. It was decided to return to this issue in three months.

The Cabinet of Ministers discussed the issue of the state of work with cadres and the progress of the law "On the Civil Service." Those present were told about the development of a legal base, the drawing up of a mechanism for selecting employees for the Civil Service on a competitive basis, the formation of a cadre reserve and the retraining of cadres, as well as raising their qualifications.

The government was presented with a draft concept for the privatization of cultural and social facilities. The concept envisages that when privatization takes place there should be an improvement in the socio-cultural provision for the population. Complete assets, training, scientific and technological cycles, as well as the restructuring of facilities for a certain period in the period following privatization is not allowed.

The document will be finalized with the participation of representatives from regional and town state administrations after which it will be considered by the Supreme Council.

The draft law "On Amendments to Article 11 of the Law on Labor Protection" was also discussed. It expects to regulate the issues regarding the payment of compensation for injuries suffered by employees or other injuries connected with the carrying out of labor obligations. The document will be considered by the Supreme Council after it is finalized.

Cabinet Seeks To 'Simplify' Property Privatization

WS0108090095 Lvov INFOBANK in English 1400 GMT 31 Jul 95

[From the "News Service" feature]

[FBIS Transcribed Text] On July 31 during a meeting of Ukraine's Cabinet of Ministers participants expressed their dissatisfaction with the way in which the privatization of unfinished buildings was being carried out in Zaporizhzhya and Ivano-Frankivsk Oblasts and in the country's capital. In June of this year only two such properties were privatized in Zaporizhzhya Oblast and in Kiev (out of 295 and 112, respectively) while in the Ivano-Frankivsk oblast not a single of the 192 unfinished buildings available has been privatized. The Cabinet of Ministers has ordered Ukraine's State Property Fund and the Kiev city governmental administration to simplify the privatization process with regard to unfinished buildings. Plans have also been made to create a mechanism whereby owners will be allowed to pay later for such properties and it may even be possible that these properties will be handed over at no cost to the new owners on the condition that the latter take responsibility for completing the buildings and that they be used for business and manufacturing.

Coal Industry Minister Views Reforms

WS3107130795 Kiev KIYEVSKIYE VEDOMOSTI in Russian 25 Jul 95 p 6

[Interview with Minister of Coal Industry Viktor Poltavets by unattributed reporter; place and date not given: "If We Annually Produce 250 Million Tonnes of Coal, Our Deposits Will Suffice for 400 Years!" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **Viktor Poltavets was not appointed but rather confirmed as minister of coal industry. He is 58 years old. He is an engineer and builder of shafts by profession. He counts his promotions by five-year periods: It just so happened that every five years he climbed one step on the official ladder. He began to smoke when he came to the industry. Since then, he has been smoking one and a half packs daily, not favoring any particular brand. He put aside the chief's high-backed armchair, preferring an ordinary soft one. Up to 14 November 1994, he had been working as general manager of "Luganskugol." Later, in his words, "all managers were summoned to appoint the minister; the choice fell on me, and so they threw me into deep waters." In the new government, the position of coal industry minister was his again.**

[KIYEVSKIYE VEDOMOSTI] So you were a nominee of the managers' corps. What about now? Will you work at the managers' bidding or proceed with an independent policy?

[Poltavets] One does not interfere with the other. There are absolutely no impediments. We agreed right from the beginning: I will pursue a policy needed by the industry. I will also, however, listen to the

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opinions of managers. Let us put it this way, decision making is democratic, while execution of decisions is administrative.

[KIYEVSKIYE VEDOMOSTI] Experts reacted to your appointment in the following way: The appointment of Poltavets means that there will be no particular changes in the coal industry. The industry remains a stepchild as before, while — given that the budget has $40 million per year for the industry's development — extraction is disastrously dropping and the industry is shrinking. How do you reply to this?

[Poltavets] This is a judgment of dilettantes. I needed four months to form the ministry and select personnel. I had to get familiar with the facility. In addition to the coal industry, there are also subindustries: machine building, the shaft construction complex, coal cleaning industries, rail and motor transport, the social sphere, and supplies. A manager needs a year to learn about the industry and its people. I was expected, however, to ensue an instantaneous result, though the task was as follows: Not to allow coal production to drop as happened in 1994 in comparison to 1993.

[KIYEVSKIYE VEDOMOSTI] Still, in five months compared to the same period of 1994, coal output did drop by 5 million tonnes!

[Poltavets] Correctly. We had been counting on receiving due support from the state. Instead, at the beginning of 1995, industry did without subsidies for the first time in its history. Every issue, particularly economic, needed reforms. We prepared the document "Concept on Structural Transformations in Conditions of Market Relations." The document was passed at a joint session with the National Science Academy (my thanks to Boris Paton for his friendly attitude). Then the document was sent to the president and prime minister. According to this concept, the industry is to be restructured, and we will be implementing this project. We will have to close down unprofitable mines with exhausted coal reserves. Only 57 mines remained profitable among 250. Why did this happen?

Ukraine has four coal fields: Lvovsko-Volynskyy, Kirovogradskyy (open brown coal pit), Western Donbass (in Dnepropetrovsk Oblast), and Donbass. According to geological science, they are the most difficult mines to work in the world in all parameters: extraction depth, gas, pit rock disturbances [gornyy udar], and temperature. Still, also in other countries where mining is much easier, the mining business brings losses. Only the United States and Australia make profits in coal mining.

In the former USSR, subsidies came from the redistribution of revenues received, as a matter of fact, from coal mining in Russia, where 61 percent of mines are open pits and coal production cost is two-three times lower. Meanwhile, all our pits are underground. When we became independent, it appeared that coal was our only energy source, though I understand that it is a heavy burden on the country's budget. But we have neither gas nor crude oil. We have coal instead, and if we annually produce 250 million tonnes of coal, our deposits will suffice for 400 years. Coal lies under our feet. Yes, it is difficult to extract coal that lies far and deep but it is our own source of energy! Therefore, even though it is difficult, we need to gradually find ways to develop the industry. If we destroy the industry in the hope that we will start buying coal, as we buy crude oil and gas, we will be lost. You see, our neighbors from the CIS, Poland, and other countries deliberately provide low-cost coal for the Ukrainian market. Later, they will want us to settle the payments: When our industry decays, they will set the price they want and impose the volume of exports. Currently, this is the case with gas and crude oil.

The USSR's break up left us a heavy legacy: unreconstructed, backward, and almost worked out mines. For instance, 80 percent of the mine facilities have not been reconstructed for 25 years. Definitely, this has its impact on coal production cost and its price. In addition, the coal industry has another heavy load: The social sphere, which includes over 25 million square meters of housing — 30 percent are tumbledown apartments dating from 1913- 1940; some 1,500 child care centers and day nurseries, stadiums, clubs, health improvement facilities, and so on. Someone has to maintain them, which will also affect the price of coal. In addition, we have a rigid structure of managing the industry according to a plan-and-distribution system. Currently, we are primarily working on restructuring management, that is, we are trying to make every main enterprise work for final results, and planning to finish the work before the end of 1995.

[KIYEVSKIYE VEDOMOSTI] Again, this will require resources.

[Poltavets] No. As early as this year, main enterprises will be transferred to coal companies, and initially 100 percent of shares will belong to the state. Then, the state will finally keep 51-52 percent of shares. This is one of the main courses.

The second course involves opening new mines in pace with scientific and technical progress. Our efficiency has been brought down to the level of 1935, while in central Donbass, people still work with obsolete equipment

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like the type used by Aleksey Stakhanov. One cannot proceed far with a spade and a coal hammer, regardless how good economic reforms are.

State support is needed only in two instances: To secure centralized capital investment for the construction of new mines, since mines are known to exhaust their coal resources and new ones can be build only with state subsidies; the second is to get rid of the enormous and awful social sphere. The rest is up to us. Things have already started moving. If we do not manage to stabilize the situation and produce 100 million tonnes of coal as early as next year, we will be compelled to buy about 20 million tonnes. That is for the present.

[KIYEVSKIYE VEDOMOSTI] Do you think the post of deputy prime minister for fuel and energy issues will be preserved, and is it necessary?

[Poltavets] I think the post will be preserved, and yes it is necessary. The fuel and energy complex is a very complicated sector, composed of the base of the national economy pyramid. All the rest depends on its state, functioning, and situation.

[KIYEVSKIYE VEDOMOSTI] How do you evaluate the present cabinet?

[Poltavets] I am already impressed by the fact that the economic team of the new cabinet thinks differently and is beginning to turn their attention to the industry. In a short time, I feel that realists have come to power. Deputy Prime Minister for Economy Anatoliy Kinakh is a down-to-earth person, sticking to the realities. Prime Minister Yevhen Marchuk also does not have his head in the clouds and sees the situation as it exists. I think we have a cabinet of realist ministers. Now, so as to avoid mistakes,.it is important not to dash to and fro.

'Critical' Situation in Grain Procurement Warned

LD3107163395 Kiev UNIAN in Ukrainian 1400 GMT 31 Jul 95

[FBIS Translated Text] Kiev, 31 Jul — The situation with state grain procurement is critical, Prime Minister Yevheniy Marchuk told a meeting of the Ukrainian Cabinet of Ministers. He warned that buyers in Russia, Belarus, and Moldova, where the estimated grain yield was one-third below the planned amount, were prepared to pay a much higher price than the one offered in Ukraine. [passage indistinct]

According to Petro Sabluk, deputy prime minister for agro-industrial complex, the state had placed a procurement order for 10 million tonnes of grain. Only 50 percent of this amount has been paid for. If the balance is not paid in the next few days, grain may be sold abroad, he said.

The issue will be taken up with the Ukrainian president on 1 August.

Wheat Harvest Yield Estimated at 17 Million Tonnes

MM0108100595 Moscow SELSKAYA ZHIZN in Russian 29 Jul 95 p 1

[Report by UKRINFORM correspondent Olga Marchuk and TASS: "Grain in Ukraine"]

[FBIS Translated Text] Kiev, 28 Jul — The 1995 harvest in Ukraine is making swifter progress than last year. According to the latest figures from the Ukrainian Ministry of Agriculture and Food, 6.8 million hectares of grain have been threshed, which represents 61 percent of the total. This is almost 50 percent up on the same period last year. There have been 17.4 million tonnes of grain ground. The average yield is 25.7 quintals per hectare.

In the steppe zone harvesting has entered the finishing straight. Valentin Timoshenko, deputy chief of the Ukrainian Ministry of Agriculture and Food Main Crop-Farming Administration, informed me that, basically, three-fourths of the area in the south has been harvested.

There have been 3.1 million hectares of winter wheat harvested and almost 10 million tonnes ground. The average yield this year is 30 quintals per hectare, which is 2.1 quintals up on last year. It is anticipated that around 17 million tonnes of wheat will be harvested. This amount will be enough, according to specialists, to meet Ukraine's needs for grain for human consumption.

Some 1.217 million tonnes of grain, including 1.1 million tonnes of wheat, have been delivered in fulfillment of the state contract, which comes to 10 million tonnes of grain. This is twice the figure for the corresponding period last year.

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Belarus

Lukashenka Interviewed on Independence Day

WS0108100695 Minsk BTK Television Network in Belarusian 1830 GMT 27 Jul 95

[Interview with President Alyaksandr Lukashenka by unidentified correspondents of the Information Agency of the Belarusian Television and Radio Company and the Interstate Television and Radio Company "Mir"; in Minsk, date not given — recorded; Lukashenka speaks Russian throughout the program]

[FBIS Translated Excerpt] [Lukashenka] The Republic of Belarus has paid and continues to pay the dearest price for its independence. The independence of any country lies primarily in its economy. Regarding talks and written stuff about independence and sovereignty, you will agree that we have felt no shortage here. Both we, the politicians, and you, the journalists, have sufficently discussed this independence. There is no shortage of this here. This has even spread over the people. As for the sphere of economy, we have paid a very dear price for this independence.

You know, I do not want to exaggerate my personal contribution and role here. People's lives have not become easier during these five years of independence, or during the presidency of Lukashenka. I would even say that people's lives are far from easy. I do see this, and I absolutely agree with such a conclusion. Another question is who is to blame for this. However, I do not want — excuse my saying so — to dig into our recent history and look for culprits. That is not the point. As of today, it is I who should be blamed and held responsible for this. I am the first president; I became president due to the fact that we have an independent state today. I am happy with this. However, I say straightforwardly and openly — maybe I am wrong, but perhaps not — that we do not need to further promote our independence aggessively. We do not need to cut through living flesh.

We will surely overcome this situation. This situation will surely change. Compared to other republics, our situation is certainly much better. Yesterday I proposed to one your colleagues, a journalist, to go for a tour and make conclusions and comparisons. I am assured that we will be making progress. We will overcome this situation as an independent, sovereign state. However, we will never brag about our independence and sovereignty. Let the people realize it on their own. There is no need for noise and scandals for the sake of our independence. There is also no need for placing our independence in the foreground among other nations. [passage omitted]

[Unidentified correspondent, in Russian] You have signed agreements with the EU; we have been visited by delegations from China and (?Iraq). In other words, we are known and we are being admitted into the common home of both Europe and the world.

[Lukashenka] Therefore, when I say that I am happy to be the president of this sovereign state, I proceed from the fact that we have certainly pursued a very good course, a correct course. Moreover, being formerly recognized only on the diplomatic level, we are now recognized de facto, since we have hosted the highest-level visit of China's leader in Minsk — this is a very solid indicator of our recognizance — as well as visits from Iran, Iraq, and other states. Aside from these visits, I should tell you that there are also substantial advances in the sphere of trade and economic cooperation. This means millions of dollars. This is extremely beneficial for us. I am happy that during this past year — I hope that you will not disagree — our state actually pursued a very intensive foreign policy. This policy was very intensive and yielded economic results. I expect still greater results in future, since these visits have been followed by intensive work by specialists and experts to expand trade.

I received a representative of the Great Britain's foreign minister and Italy's first deputy prime minister. I told them point-blank: You are democrats, from democratic states, supporting openness, etc., so please allow us to compete with your commodities and try to sell our products in the West. Why have you slammed the door shut before us? We could go for the Western market with our commodities, but we are not allowed there. Therefore, we have opened our border to the East. I am a pragmatist, if you can excuse my immodesty. I am a pragmatist, and it is important for me to cooperate with those people and states that are able to pay today. I have my own people who have elected me, and I have to protect them. I have to create prosperity. Ideology is of minor importance here. It is necessary to sell commodities. I am ready to go where I will be received and where I can sell my commodities without any discrimination.

[Unidentified correspondent, in Belarusian] A year has already passed since the office of president was introduced in Belarus. Could you tell us how the introduction of a presidency has contributed to the strengthening of Belarus' sovereignty and independence?

[Lukashenka] We have been recognized, we receive delegations, hold negotiations, sell our products. Many understand that our economy — both industry and agriculture — occupied a leading position in the former Supreme Soviet. This is an intellect- intensive economy. Many now understand that the MTZ tractor — as I was told by an Iraqi representative — is made in Minsk, not

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in Moscow, as it was believed before. Do you grasp this kind of understanding? Therefore, from the viewpoint of our foreign policy, you can that over the past year we have held very intensive negotiations with all countries in the world.

This first year of the president is important for us not so much from the viewpoint of our foreign policy — although it is also very important — as from the viewpoint of our domestic policy. Do you know why?

Yes, I have not avoided making many mistakes. I do not want to justify myself with citing some objective reasons. I am not going to speak about this. Yes, we have not avoided many mistakes. However, we have lived up to our main commitments in the main point: We have preserved peace and stability in our state. [passage omitted]

I am assured that our economy has great prospects. In the near future, we are going to slightly correct our credit and financial system by turning it toward the people and preventing easy money for individuals; we will do it in an exclusively democratic and market-oriented way. Therefore, there are prospects before us.

Just imagine the situation when Belarus did not have the office of president and its own government, no matter how good or bad it is now. Can you imagine what would happen during this current interim period when we appear to still have the old Supreme Soviet, or perhaps we appear to have a new Supreme Soviet? Can you imagine what chaos we would have in the Republic? This entire burden is currently on the president's shoulders. This president, I should admit, is still young and not completely politically seasoned for such duty. So it is often necessary to acquire experience while marching toward sustaining a normal level of life in our state.

[Unidentified correspondent, in Russian] What is your opinion about the CIS? What can you say about its future?

[Lukashenka] People can forgive us anything, even rising prices as well as shortages of bread, milk, and butter. But thank God we have all these foodstuffs! However, God forbid us from destabilizing the situation and provoking a confrontation that could be transformed into an armed conflict! God forbid us from looking at one another through a rifle sight! There will be no forgiveness either for me or you in such a case. But primarily for me, because I am responsible for this. We have preserved peace and stability, and this is a guarantee that we will gradually and quietly come out of this deadlock. I am sure of this.

Moreover, if the West pursues a stable policy toward us, as it declares, then I am sure that our economy will be reformed faster and we will overcome this situation.

Regarding the CIS's future, I am not a supporter of cliches about federation, confederation, or whatever. I am supporter of the path originating in the economy, in people's life. There is, for example, the problem of nonpayments. Cannot we really resolve it? This is a common problem of Russia, Ukraine, Belarus, and other republics. Cannot we really resolve it? We could, if only politicians and experts want to. Let us resolve it. However, we can resolve it only jointly, because our enterprises owe money to Russian enterprises and vice versa, as is the case with Ukraine. We surely can resolve this problem. Let us resolve it today.

We also need to equalize prices to prevent our people from transferring meat in their bags across borders and getting caught by customs officers, especially at the Belarusian-Ukrainian and Ukrainian-Russian borders. Let us resolve this question, too. Quietly, proceeding from people's lives, perhaps we could reach some form of unification or, maybe, separation [speculating about realtions among the CIS states]. Therefore, I am not in favor of looking at the CIS from the viewpoint of some predetermined formula or form. However, even if we look at it from this viewpoint, I [words indistinct] of the EU type. I am in favor of this. I should say that the relations in the EU are even tougher than they were in the Soviet Union. [passage omitted]

Defense Ministry Discusses Rise in Theft

WS0108091495 Minsk BELAPAN in English 0730 GMT 1 Aug 95

[FBIS Transcribed Text] According to information received, on 28 July, law and order in military units were considered at the meeting of the Ministry of Defense Board.

The problem of thefts of public and military property in the units of the Belarusian Armed Forces was considered separately. According to the Office of Military Prosecutor, during six months of this year, the number of thefts increased by 22 percent as compared with the same period of the last year. The meeting of the board was presided by Deputy Defense Minister Leanid Maltsaw.

Program Approved for Attracting Foreign Investments

WS3107140795 Minsk Radio Minsk Network in Belarusian 1200 GMT 31 Jul 95

[FBIS Translated Text] The Belarusian Cabinet of Ministers has approved a long-term program for attracting

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foreign investments to the priority sectors of the economy and to specific priority facilities, as well as a plan of measures to implement that program, which have been presented by the Ministry of Foreign Economic Relations and coordinated with the Ministry of Economy and the Ministry of Finance.

On the basis of that program, under the leadership of the Ministry of Economy, a national program for attracting investments to the Republic of Belarus is being drafted.

U.S Grants Funds for New Export Control System

WS0108101695 Minsk Radio Minsk Network in Belarusian 1200 GMT 31 Jul 95

[FBIS Translated Text] Specialists from the Belarusian State Customs Committee, together with their U.S. colleagues, have started to introduce a new system of export controls. This was told to a RID news agency reporter by Minister of Foreign Economic Relations Mikhail Marynich. According to Marynich, the U.S. Government has allocated $16.5 million for this purpose. The minister maintains that the new export control system will facilitate more efficient control over imports and exports of products which are a significant threat both to our state and Europe in general; they include narcotics, radioactive materials, and others.

Agreement Signed With Russia on Cooperation in Taxes

WS3107145695 Minsk Radio Minsk Network in Belarusian 1200 GMT 31 Jul 95

[FBIS Translated Text] The heads of tax bodies of Russia and Belarus have signed an intergovernment agreement on cooperation and mutual assistance in issues of observing the tax legislation. This was reported on 31 July by the press service of Russia's State Tax Service. The agreement stipulates interaction between the tax bodies of the two states, as well as [word indistinct] and prevention of violations of tax laws; in providing information on changes in tax legislation; and in the sphere of training and exchanging specialists.

Moldova

Ecological Problems Delay Dniester Weapons Destruction

LD3107144595 Moscow Radio Rossii Network in Russian 1300 GMT 31 Jul 95

[FBIS Translated Text] Liquidation of obsolete ammunition of the 14th Army will not be resumed until all the ecological and financial problems connected with this operation are finally resolved. This was stated by Vladimir Gonchar, head of administration of Rybnitsa District, Dniester Region, in an interview to RIA news on Monday [31 July].

We remind you that explosions in the village of Kolbasna were suspended by order of Igor Smirnov, the head of Dniester region, on 16 July and were to be resumed on 1 August. Vladimir Gonchar fears that the explosions may affect fields and vegetable plantations of the neighboring Avangard collective farm, and financial compensation would also be required for the district for inevitable material losses from the explosions.

Ban on Destruction of Munitions Ordered

AU3107151495 Kiev HOLOS UKRAYINY in Ukrainian 28 Jul 95 p 4

[Unattributed report from Chisinau: "The Sappers Are on Vacation. Cholera Is Not"]

[FBIS Translated Text] Sappers of the limited contingent of Russian troops deployed in Moldova's Dniester Region have discontinued the scheduled destruction of the former 14th Army's munitions that started a month ago. These munitions are not suitable for transportation as they are well past their shelf life. Reliable sources at the Russian troops' headquarters stated that this was in connection with a ban that the Dniester Region's leader Igor Smirnov had sent to the military. The reason for his decision is not yet known.

Meanwhile, yet another problem has arisen in the Dniester Region: Twelve people have been hospitalized with cholera or as vibrio carriers. Arcadie Gutu, departmental head at the Republican Epidemiologic Center, believes that the disease was contracted during the sufferers' trips to Ukrainian oblasts or as a result of their failure to follow hygienic rules.

Sangheli Urges Dissolved Militia To Hand in Arms

LD3107185995 Moscow INTERFAX in English 1748 GMT 31 Jul 95

[FBIS Transcribed Text] CHISINAU, July 31 (INTERFAX) — Moldovan Prime Minister Andrei Sangheli visited the Voulchenest district in the south of the republic Monday. The main goal of his trip was to meet members of the dissolved militia battalion Budzac to persuade them to hand in arms, an Interfax correspondent reported.

At the start of last week, Sangheli visited three other southern districts of Gagauzia. He solved a number of issues there concerning the transfer of power from illegitimate bodies of the self-proclaimed Gagauz republic to the new authorities. Sangheli's talks also focused on Budzac militants handing in arms to the police. By last weekend, about 270 militants in Komrat and Chadyr-

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Lung had handed in their arms. On the whole, about 350 firearms and ammunitions were collected.

Some of the rebels were given employment and were paid their wages, which have been delayed by the Gagauz authorities for the last 7-8 months. The Moldovan government set aside about 50,000 lei (about $11,000) for this purpose.

However, the Voulchenest militants so far refused to hand in arms, putting forward various conditions. In particular, they explained their decision by the lack of confidence in the Moldovan parliament's decision not to victimize militants. In addition, they demanded that all of their delayed wages be paid at once.

The Voulchenest battalion has about 100 automatic rifles, other firearms and ammunitions. According to a decision by the Moldovan authorities, all arms are to be handed in by August 27. After the deadline, those who disobey will be persecuted for the illegal possession of weapons.

Effort To Disarm Comrat Militia 'Success'

AU0108092195 Chisinau BASAPRESS in English 1909 GMT 28 Jul 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 28/7/1995 — Moldovan Prime Minister Andrei Sangheli returned yesterday to Chisinau after a three-day visit in Comrat, the capital of the Gagauz-Yeri autonomy, where he had to deal with the problem of disarmament of illegal paramilitary groups.

Vasiliy Neykovchin, Comrat District vice executive, told BASA that "the visit of the Moldovan premier was a great success." The two squads in Ceadar-Lunga and Comrat of the Bugeac Battalion were persuaded to give over guns after assurances of payment of salary arrears and pardoning. From 1 August they will be able to join the local police. Only 69 guardians of the total of 300 refused to give over guns for the time being, Neykovchin stated. Chisinau and Comrat authorities agreed to start legal proceedings against those who would not lay down guns by August 27. He specified that 100 guns were confiscated from the Comrat squad and 70 from the one in Ceadar-Lunga. The interior ministry relays that 500 units of armament, including grenades and machine guns, are held illegally by individuals in Gagauzia.

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Kazakhstan

Work Commences on Largest Oil Deposit in Kazakhstan

LD0108083595 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 28 Jul 95 p 1

[FBIS Translated Text] The fate of Kenbay, one of the largest oil deposits in Kazakhstan and in the world has been decided. A joint venture involving the private American firm Biderman International wanted to develop it in 1991.

However, until recently the layer was effectively at a standstill because the foreign partner that promised to fund the project was insolvent. Government intervention was required for the deal to be declared null and void.

Recently Kenbay — the extractable oil reserves of which are between 31 and 75 million tonnes — was transferred to the Embamunaygaz management, the oldest oil extracting enterprise in the republic. The Kaynar oil and gas extracting department has been set up within its structure. Initial prospecting work and equipping of the deposit has started, and wells — of which there will be at least 700 by the middle of next year — have started being drilled. It is planned to obtain the first commercial oil by that time, the main oil reserves being located only 300 meters down.

Kenbay is one of the few large deposits in the republic that will be developed entirely by the efforts of the country's own oil workers without foreign investment. That means all the profits will remain in Kazakhstan.

When Kenbay enters production, this should revitalize the old Emba oil-extracting enterprises, which are experiencing hard times. It should also provide thousands of people with jobs, and make more rational use of the existing communications. The volume of work and extraction will grow across the board in the joint-stock company Embamunaygaz, which will open prospects for competition with foreign enterprises.

Western Firms Join Venture To Develop Oil Deposits

LD0108082595 Almaty KAZAKHSTANSKAYA PRAVDA in Russian 27 Jul 95 p 1

[FBIS Translated Text] Good times are probably coming now for the oil deposits in Kenkiyak (Podsolevoy) and Alibekmola [Aktyubinsk region, northwest Kazakhstan].

In accordance with an order from the prime minister of the Republic of Kazakhstan, Akezhan Qazhygeldin, the Aktobe joint-stock company has been founded. The founders are the Turkish-American BMB and the German Siemens AG companies on the one side, and Kazakhstan's Aktyubinskneft [Aktyubinsk oil] shareholding association and Tulpar state holding company on the other. The company is not restricted to the task of selecting Western, including Russian, oil companies for the exploration and further development of the exploitation of promising deposits of "black gold." The founders, with the assistance of future partners, are planning to open financing of the proposed combined-cycle power station in Aktyubinsk, the contract for the construction of which was signed in June during Turkish President Suleyman Demirel's visit to Almaty. The accelerated construction of this facility as proposed will permit a reduction, to a certain extent, of the Western regions' current power-dependency on Russia. It is expected that matters will get off the ground when Aktobe obtains a licence for exploitation of the deposit. A government working group has already been set up and approved by the head of the Cabinet of Ministers to prepare the agreements between participants of the concession on the future division of oil and oil products.

Oil Giant Hopes For Better Times Ahead

LD3107164795 Almaty VESTI KAZAKHSTANA in Russian 29 Jul 95 p1

[Unattributed report: "Oil Is the Economy's Priority"]

[FBIS Translated Text] Seven million tonnes of oil have been extracted since the Kumkol oil deposit was put into operation. The extraction of "black gold" started there five years ago. Currently the state joint-stock company Yuzhneftegaz [Southern Oil and Gas], which is the firm involved in developing the Kumkol deposit, is a kind of miniature industrial sector of its own. It has 4,000 blue- and white-collar staff, mighty support enterprises, and 300 wells with reserves amounting to 90 million tonnes of hydrogen sulphide raw material [i.e. oil].

The association itself is due to extract up to three million tonnes of oil per year in the near future. This will be far from easy. It is necessary to attract a lot of investment to develop production and introduce new equipment and technology. Such investment is not available as yet. The association itself, as it extracts the "black gold," is going about with its hand outstretched. The consumers of its raw material, mainly the Chimkent oil refinery and dozens of other economic entities, owe Yuzhneftegaz more than 1 billion tenge, and the state joint-stock company's tax debt has already reached 500 million tenge. The oil workers have not been paid for months.

It is becoming clear that a significant breakthrough will not take place without Western investment and technology. By the way, the reserves of the South Turgay field, where besides Kumkol there are about a dozen more

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deposits, are estimated at 280-320 million tonnes of oil and 100 billion cubic metres of gas. Western investors are looking closely at Kumkol, Aryskumy, and other deposits. Many projects have been considered over recent years, but the majority of them have not materialized for various reasons. As of today, only the Kazakh-Canadian joint venture Turanpetroleum, the Kazakh-German joint venture Kazgermunay, and the Kazakh-American joint venture Kuatamkomunaygaz have been set up. A contract has been signed with the Canadian firm Thermodization to establish a production plant to process up to 150 million tonnes of gas by- products per year and deliver it to Kzyl-Orda.

"Things are moving slowly, but they are moving," says Robert Berdyguzhin, the president of the state joint-stock company Yuzhneftegaz. "The development of the industry means above all new technology and equipment, the building of an oil and gas processing enterprise, of a road between Kzyl-Orda and Kumkol and of a branch railway line between Kzyl-Orda and Zhezkazgan, the erection of consumer service establishments, and much more. The sooner we create all this, the more effective will be our contribution toward developing the Kazakh economy and thus toward raising the standard of living of our people."

Government Bans Import-Export Barter Deals

MM3107151495 Moscow PRAVDA in Russian 29 Jul 95 p 1

[Unattributed report under the "From PRAVDA's Own Information Bureau" rubric: "Kazakhstan: Barter Banned"]

[FBIS Translated Text] By a decision of the Republic of Kazakhstan Government all the republic's trading components have been banned from carrying out export and import barter transactions for all types of output and goods with nearby and distant foreign countries.

What prompted this step? It has been taken in order to regulate monetary settlements between trading components when they make deals to buy or sell output, to replace enterprises' circulating capital, and to ensure the stable implementation of the budget's revenue element. Now the Ministry of Industry and Trade will not register contracts or issue licenses for the export or import of output involved in barter transactions.

Drug Trafficking Increases in Republic

LD3107145995 Almaty PANORAMA in Russian 29 Jul 95 p 9

[FBIS Translated Text] Kazakhstan is third place overall in the Asian and Pacific region in the volume of confiscated drugs.

Meanwhile, there are rumors that the Interior Ministry's department for the fight against drugs is to be abolished. Anatoliy Vyborov, the head of the department for organizing the fight against illegal drug dealing at the Main criminal investigation department of the Interior Ministry of the Republic of Kazakhstan is answering questions from PANORAMA.

[PANORAMA] How has the situation regarding illegal drug-dealing changed in Kazakhstan in comparison with previous years?

[Vyborov] During the past 10 years its volume [drugs trade] has risen sevenfold. Over the past five years, the number of drug users has risen by 50 percent and according to our data numbers 17,000 people. However, this figure most likely does not reflect the real situation. The following facts are particularly alarming: The overwhelming majority of drug users are young people, and 80 percent of drug addicts take drugs intravenously (the figure used to be 20 percent). This means that the age profile of our drug addicts has dropped sharply in recent years and is now characterized by the mass use of drugs that are stronger than the traditional marijuana and hashish.

About 5,000 drug-related crimes have already been uncovered this year, and criminal proceedings have been instituted against more than 4,000 people. The law enforcement agencies have confiscated about three tonnes of various narcotic substances and prevented another five tonnes from being put into illegal circulation. If the cost of these drugs is converted into dollars at the prices on the black market in the southern regions of Kazakhstan, that will produce the formidable sum of $500,000.

[PANORAMA] On the basis of the figures you have cited, one can state that there is a clear rise in drug-related crimes and an increase in the volume of drugs in illegal circulation. Can we conclude that there are now well-established criminal structures specializing in drugs and operating in the republic?

[Vyborov] If we put the question a bit differently and ask whether Kazakhstan has a drugs mafia similar to the South American cartels, the answer today is no. However, we should not rest on our laurels and flatter ourselves: Today's drug suppliers in the republic are distinctly different from those we had even three years ago. There are already certain structures that use permanent channels for receiving and selling drugs. This process is developing and will increase. Unfortunately, we can already state that drug dealing is merging with other dangerous criminal phenomena, such as corruption: There are known cases where employees

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of the Interior Ministry and other law enforcement agencies have taken part in drug dealing.

Kazakhstan possesses such a huge reserve of raw materials for drugs that it is difficult to find anything else like it — there is a hemp-growing area in the Chu valley, which occupies an area of 138,000 hectares, there are poppy fields on the south of the republic, and there is ephedra, the raw material for producing the strong drug ephedrine, growing on vast areas in the Zailiyskiy Alatau mountains [south of Almaty]. All this, naturally, cannot be a stabilizing factor in the fight against illegal drug dealing.

[PANORAMA] However, apart from this, there is the problem of drugs being imported into Kazakhstan...[PANORAMA ellipsis]

[Vyborov] Yes, this problem is becoming more and more acute. In 1993 one gram of raw opium cost six to seven dollars in South Kazakhstan, but now the price has halved. The market is being flooded with imported drugs, primarily from Tajikistan and Afghanistan. Some of the drugs brought in are used in Kazakhstan, while the rest pass through its territory in transit to Russia, other CIS countries, Western Europe, and America. Drugs that are produced here are also being imported: Batches of hashish and marijuana made in Kazakhstan have been confiscated in Turkey, France, Germany, and Canada. [sentence as published] Kazakhstan is increasingly attracting the attention of international criminal structures, both as a supplier and as a transport corridor for the movement of drugs.

Last year we detained 240 foreign citizens involved one way or another in illegal drug operations. Mainly they were from CIS countries, but there were also citizens of China, Turkey, France, and Germany. We think that some of them were emissaries from the drug mafias of those countries, who came with the aim of supplying to the West trial batches of our drugs, which so far are not so well known there as Afghan varieties.

China is causing us great concern. We know that its drugs mafia has recently become very active in relation to Kazakhstan. In the south of that country there is a powerful raw materials base, and the processing of that raw material is being concentrated more and more in the northern regions, near our borders. Production of heroin is in full swing there. The large volume of freight and passenger traffic between China and Kazakhstan and the transparency of our borders with CIS countries are providing the Chinese drugs mafia with splendid conditions for moving drugs across our territory. If we do not take measures now, very soon the problem will surpass even the drugs problem on the Afghan front.

[PANORAMA] Can you say, at least as a guess, what volume of drugs in Kazakhstan passes by the law enforcement agencies?

[Vyborov] To start, I can cite the following facts: We have analyzed the volumes of various kinds of drugs confiscated annually in the countries of the Asian and Pacific region. We have got the following picture: For the volume of confiscated hashish and whole poppy plants, Kazakhstan is firmly in second place after India, for marijuana it is third, and for raw opium it is fifth. Thus, on average we are third in this large region for the volume of confiscated drugs. However, well-known circumstances — the chronic lack of funding, staff, and equipment in our services — mean that we are confiscating only approximately one-third of the drugs coming into our republic. If we add up everything that is produced in Kazakhstan and brought into the country, it can be suggested that we have overtaken all the countries of the Asian and Pacific region. Against this background, it seems strange that some circles in the Interior Ministry are going on about cutting back our department. If that happens, it will be practically impossible to fight the illegal drugs trade effectively. All countries have already set up independent special services specializing in this problem. We, however, seem to be moving in the opposite direction.

Crisis Situation at Alembank Stabilized

954F2900A Almaty VESTI KAZAKHSTANA in Russian 25 Jul 95 p 1

[Report by Viktoria Shen: "Alembank Makes Full Payments"]

[FBIS Translated Text] Almaty—Once again, on the report that jolted the public. On 11 July the KHABAR news evening edition on Kazakh television broadcasted the sensational report that one of the largest national financial institutions—Alembank—is bankrupt.

The bank was placed under temporary outside management for two weeks, a period that expired on 21 July, Grigoriy Marchenko, deputy chairman of the National Bank, who headed the commission, told journalists at a press conference. Since over this period of time a number of major problems have been resolved and future tasks defined, all commission members will recommend to the prime minister and the National Bank chairman that the temporary outside management regime be lifted.

All Alembank's payments are being carried out in full volume and on time. Its clients have calmed down. Over the past two-three days deposits have begun to grow, that is, the volume of incoming cash has increased—both in tenge and in dollars. Most interbank credit,

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obtained to cover the temporary crisis, has been paid off.

Now regarding the debtors. By the joint efforts of National Bank and Alembank legal departments, about 20 legal claims on overdue loans have been put together and forwarded to the arbitration court; with respect to some borrowers documents are being prepared to declare them bankrupt. The files on some clients who have either disappeared or have other violations will be handed over to the procuracy. The commission decided it was inadvisable to name the amount of total debt and only said that it was substantial.

Journalists asked whether it was true that the information was supplied to KHABAR by an influential Moscow bank.

"This is the first time I have heard this," said Grigoriy Marchenko, "and I therefore cannot either deny or confirm it." To the question from the audience as to whether Alembank will sue KHABAR, the leadership replied:

"Unfortunately, bad rumors spread better and travel faster, while refutations issued later do not reach many people. Fortunately there was no great loss of clientele—only about 10—and those, as a rule, were representatives of foreign companies who received instructions from their headquarters because their organizations follow strict guidelines.

"We, as a commission, will recommend to sue the information agency; the final decision will be up to the bank management."

Well, at least we can be happy that the crisis situation that developed last week with respect to Alembank was stabilized several days later, and now has been completely resolved.

Kyrgyzstan

'Super-Modern' Radar Purchased From Czechs

LD3007102195 Moscow Radio Rossii Network in Russian 0900 GMT 30 Jul 95

[FBIS Translated Text] Kyrgyzstan has become the first foreign state to buy a super-modern military radar from the Czech Republic. The radar can unerringly detect air and naval targets at great range.

The Czech Government thoroughly studied Kyrgyzstan's request to buy the radar and concluded that Kyrgyzstan is a state in which the political situation is stable and the politicians inspire confidence. The contract is worth $17 million.

Newspaper Column Examines Political Groupings

LD3107152895 Bishkek KYRGYZ RUKHU in Kyrgyz 21 Jul 95 p 3

[FBIS Translated Text] Is there any political force in Kyrgyzstan that wields real influence and power? If it does exist, who are its members? To this end, the editors are starting a column called "Political Groupings." Of course, we do not presume to think that it will be close to the absolute truth. We want to look at the various political and social phenomena and describe them in the form of a political forecast. In our opinion, there are political groups in Kyrgyzstan that exert great political influence on state policy and are able to shape the political climate.

Today we want to report on a very powerful political group: The Kemin-Talas Group.

It is known that in civilized countries the state is governed by a group based on a community of ideas, whereas in our situation this is done by a community of political groups which have common interests. In Kyrgyzstan, any kind of community of ideas has long been excluded from accessibility to power and, thus, also from our way of thinking, our people's mentality, and the historical conditions of our development. The fact that no party has been able to appropriate this concept as its own is proof of this. Under such circumstances, politicians find support in groups that have common interests arising out of a common regional affiliation, rather than from party-political thinking.

Today there are about five such regional groupings in Kyrgyzstan. The Kemin-Talas and Chuy Groups are the the most powerful of these. The southern, Osh, group is currently weak, despite the power it enjoys in strategic terms (the number of people and agriculture). This group is, of course, influential in the workings of parliament. However, it occupies a weak position in the running of the state because no powerful member of this group is in charge of any key ministry.

Today the Kemin-Talas Group holds political power and has complete control over the financial, gold, and credit sectors. It is also clear that President Askar Akayev stands at the head of this group. The following are members of the Kemin-Talas Group: Finance Minister Kemelbek Nanayev; Dastan Sarygulov, president of Kyrgyzaltyn [a gold company]; Askar Sarygulov, general director of the State Committee for Investments; Dzhumgalbek Ibraimov, state secretary; and Cholpon Bayekova, chairwoman of the Constitutional Court. Besides these very influential persons, Economy Minister Talaybek Koychumanov, chairman of the National Bank M. Sultanov, and dozens of others are in this group.

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It is known that First Deputy Prime Minister Abdydzhabar Tagayev, who was unable to join the southern group, tried to join this "elite club." The fact that the president nominated him for the post of first deputy prime minister means that Tagayev was given the nod that he would be admitted into this group. We believe, however, that Tagayev will nevertheless prove incapable of conducting a realistic policy. He is a member of the "elite club" only because he follows the instructions of Nanayev and Rustenbekov [former state secretary, now head of the Osh region] and because these people all work together in Dzhalal-Abad.

It is clear that despite efforts to win the votes of the entire people in elections and to show initiative in conducting a policy that would be common to all the people, this group is capable of placing only its own people in leading and key posts. (This is the same today, and it will remain so.) In addition, this group is ready to accommodate the Russian-speaking people in Bishkek. If we analyze this group's potential, its strength will only lie in this area.

It goes without saying that if the Chuy and Osh groups unite (and this is an option) they would become a very powerful group with adequate funds and votes. If the situation develops this way, there will be a radical change in the republic's political situation.

Of course, no matter which politician rises to power today he will be guided by slogans such as democracy, defending human rights, setting up a market economy, and so on. If Kyrgyzstan relies on its own domestic potential — like Russia, Uzbekistan, and others — then the topic for discussion will be what particular path is chosen. As the proverb says, he who pays the piper calls the tune.

It is impossible to change the republic's policy and economic course without consent from outside. This is a reality. It is clear that if Kyrgyzstan became self-reliant and stopped playing ball, the foreign credit lines would be cut off. So, no matter which political group comes to power, it will be forced to maintain the present course (while making some adjustments).

Tajikistan

Russia's Chernyshev Arrives for Official Talks

LD3107191095 Moscow ITAR-TASS in English 1845 GMT 31 Jul 95

[FBIS Transcribed Text] Dushanbe, July 31 (ITAR-TASS) — The Russian Federation is sincerely interested in the political settlement of the inter-Tajik crisis and is ready to promote the acceleration of a regular round of the negotiating process, Russian First Deputy Foreign Minister Albert Chernyshev told ITAR-TASS on his arrival in Dushanbe tonight.

During his visit, he intends to meet with the political leadership of Tajikistan, first of all with President Emomali Rakhmanov, exchange on bilateral relations between Russia and Tajikistan, regional security, and, naturally, discuss the preparation for a regular round of the inter-Tajik dialogue.

Russia as an observer needs to know the position of the Tajik side and compare its views on the settlement of this or that problem, Chernyshev noted.

Asked about the Russian side's attitude to Ashgabat as the proposed place of the talks, he stressed that this was not a principled question for Russia. It is not important where the next round of the talks takes place, it is important that it were productive and held as soon as possible, the first deputy foreign minister pointed out.

It is exactly this issue that he discussed today before his flight to Dushanbe with special envoy of the U.N. Secretary-General on Tajikistan, Ramiro Piriz Ballon, who is currently in Moscow, and plans to hold consultative meetings in the next few days both with the political leadership of Tajikistan and the leaders of the opposition.

Views Inter-Tajik Talks With Rakhmanov

LD0108105695 Moscow INTERFAX in English 0930 GMT 1 Aug 95

[FBIS Transcribed Text] DUSHANBE, August 1 (INTERFAX) — Tajikistan's President Emomali Rakhmanov and Russia's Deputy Foreign Minister Albert Chernyshev discussed behind closed doors in Dushanbe on Tuesday preparation for the fifth round of inter-Tajik negotiations, scheduled for the first half of August.

As the presidential spokesman Davlatali Davlatov has reported to INTERFAX, during the discussion both sides agreed that the inter-Tajik negotiating process should be maintained by all means since "it has no alternative." They also reiterated the need for settling the conflict by peaceful means and reaching all the goals they have set: the establishment of a truce, the return of all refugees, and the elimination of tension in the Central Asian region.

Rakhmanov thanked the Russian side for help to resolve the Tajik conflict and restore peace and stability to Central Asia, Davlatov remarked.

Chernyshev and Rakhmanov also discussed closer ties between their countries and voiced readiness to promote cooperation in all fields.

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Chernyshev is to meet Tuesday afternoon with his Tajik counterpart and with the Tajik government's chief negotiator at the inter-Tajik talks Mahmadsaid Ubaydullayev.

Heksinki Watch Hosts Debate on Free Press

LD0108105995 Dushanbe KHOVAR in Russian 1030 GMT 31 Jul 95

[FBIS Translated Text] Free press in Tajikistan: the prospects of development — this was the topic discussed at a roundtable meeting in the representative office of the Helsinki Watch, international nongovernmental organization, in Tajikistan on 29 July. Journalists, representatives of news agencies, newspapers, and magazines — including those which are not being issued for various reasons at present — attended the meeting.

Discussion was based around the issues of guaranteeing the security of journalists, objective presentation of information, and problems relating to obtaining news "first hand" in the official structures.

The participation of journalists in the process of reconciliation between the two [opposing] sides — the constitutional government and the opposition — possible ways for the objective treatment of the talks process and, above all, issues connected with it, were also discussed.

Uzbekistan

Chernomyrdin's Visit to Tashkent Viewed

MK0108055695 Moscow KOMMERSANT-DAILY in Russian 29 Jul 95 p 4

[Report by Andrey Saidov: "A Political Union Entailing No Threat to the Image"]

[FBIS Translated Text] Viktor Chernomyrdin's visit to Uzbekistan can become a turning point in relations between Russia and Uzbekistan. Tashkent's special view of Moscow will probably change somewhat now, and this is going to happen regardless of the economic agreements signed. After Uzbekistan had been, in fact, removed from the sphere of Russian foreign policy interests, Tashkent needed to feel its importance and demonstrate it to other CIS countries. As a result of the recent visit, the "moral detriment" has been somewhat offset. At any rate, official Tashkent feels quite confident that this is so.

Of 15 joint documents signed in Tashkent, the agreement on military and technical cooperation seems to be of the greatest interest. As a matter of fact, this document has merely provided the legal basis for the already established relations between military agencies. It was agreed that a collective security system for the CIS countries can be set up based on the agreement on collective security of 15 May 1995. There are also some more specific provisions: for instance, the agreement envisions the delivery of Russian weapons and equipment. It is not quite clear, though, what the true aims are of this item of the agreement. As a matter of fact, the Uzbek army — at least now — is very well equipped. The ammunition and weapons here were inherited from the former Turkestan Military District, which, after Uzbekistan declared its independence, was simply transformed into the national military forces, and its headquarters in Tashkent became the Ministry of Defense. Often there are more weapons than servicemen. For instance, in a fighter aircraft unit near the city of Karshi there are not enough air crewmen to man all the planes. Such a situation, however, is observed only in the country's interior. Military units located near the state's borders lack officers.

Experts give several reasons as to why Tashkent needs this agreement. First, to conduct exercises and at least maintain existing equipment at a normal level, ammunition and spare parts need to be steadily supplied. Second, Uzbekistan (although this has never been declared anywhere), from time to time still "shares" weapons with some friendly politicians in whom Tashkent is vitally interested. The first one to mention is Afghan General Dustum, whose militia, in fact, is protecting Uzbekistan's southern borders and, most probably, is not fighting with its own weapons. Of course, Tashkent has several quite battleworthy units and fully equipped and manned Su-25 attack plane squadrons in that area, but without Dustum's anti-profiteer detachments the border would have been more troubled. Finally, analysts believe that, having signed the agreement, Uzbekistan — with Russia's backing — will be able to start reexporting armaments. Whereas Moscow is forced to observe international restrictions on arms sale, Tashkent can assume a more liberal stance in this respect, and Russian producers have probably decided to profit from this fact and turn Uzbekistan into a kind of a transshipment point.

In its turn, Russia has finally decided to pay attention to the most densely populated republic in Central Asia, which used to play the main role in the region. That honor, however, was gradually yielded to Nursultan Nazarbayev, a fact that actually resulted in Uzbekistan going its "own way" and was the reason for Tashkent's marked alienation from Almaty and Moscow. In one respect, however, Uzbekistan still retains its former influence, being just as strong as its younger neighbor on the steppe. What is meant is the situation in Tajikistan. Thanks to rather skillful political maneuvers, Tashkent did not have to engage its

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mighty military contingent there. This notwithstanding, it enjoys quite high authority in that republic, not only with Emomali Rakhmonov's regime, but also — of late — with some influential Tajik opposition leaders. Controlling Tajikistan's supplies of energy, food, and other products, Tashkent can now dictate its conditions to both sides, flirting with the one whose friendship would be more profitable at the moment.

Russia is probably fully aware of this fact, and this is why the Tajik issue was given considerable attention at the meeting between Chernomyrdin and Karimov. It is unclear yet what the final result will be, but obviously Tashkent will not give up its stance and will force Moscow to regard it as the most feasible partner for settling the Tajik issue.

Some observers believe that the results of the Russian premier's visit will be puffed up by official propaganda for a long time as proof that Russia has recognized Uzbekistan's statehood and the correctness of its present course. It seems that the most important thing for Tashkent was not the signing of some specific economic documents, but the very fact of negotiations held at such a high level. Despite the artificially created image of a strong power, the Uzbekistan Government is well aware of the fact that it will be unable to solve all its problems without political and economic support from the north [Russia]. At some point, it may even become overwhelmed by its own economic course. Now, however, after the Chernomyrdin visit, Tashkent can start approaching Russia without any detriment to its reputation. In the opinion of experts, this is precisely what Tashkent is going to do in the near future, not fearing that someone might have doubts as to the extent of its independence.

Karimov on Economic Progress of First Half of 1995

LD3107181295 Moscow INTERFAX in English 1610 GMT 31 Jul 95

[From the "Presidential Bulletin" feature: by Nikolay Zherebtsov, Andrey Petrovskiy; Edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Islam Karimov said last Saturday [29 July] the soum had become a convertible currency and that that was the government's main economic achievement in the first six months of the year.

Reviewing at a government meeting what was done between January and June, Karimov said the six months had seen the soum be stabilized and inflation go down. What made it possible to curb inflation were restrictions on the issue of money, the president said.

At the same time, many of the problems remained unsolved in that period, the president said. One of them was privatization. Practically the entire retail trade and service industry became private. The next goal is to denationalize large industrial enterprises, "many of which may turn out to be bankrupt." Karimov said such enterprises would be made public-stock companies and foreign firms would have the right to buy controlling interest in them. Until now foreign businesses have not been allowed to own more than 50% of the capital in Uzbek enterprises.

Karimov also expressed serious concern over the current state of affairs in agriculture. "In spite of the drastic cuts in area sown with cotton it is necessary to press for greater yield from each hectare," he said.

The meeting approved an economic program for the latter half of the year, whose main targets are to bring inflation down to 3% by the end of the year and privatize all large industrial enterprises, making them joint-stock or public-stock companies.

Agricultural Official Reports on Regional Harvests

LD0108090295 Tashkent NARODNOYE SLOVO in Russian 27 Jul 95 p 2

[Unattributed article: "A Major Step Toward Grain Self-Sufficiency"]

[FBIS Translated Text] The grain-harvesting campaign on our country's farms is coming to an end. There are no final results yet, and harvesting is still going on in some regions but it is already possible to say that a major step on the path to grain self-sufficiency has been taken.

In an interview with ROSSIYSKAYA GAZETA published recently, Uzbekistan's President I.A. Karimov noted that "Uzbekistan gathered 1.3 million [metric] tonnes of grain in 1994. It is planned to harvest 3.3 million tonnes this year. It is necessary to bear in mind here that in the former Soviet times, grain was not cultivated here — all of the land was occupied by cotton."

A total of 1,320,900 hectares have been allocated for grain this year. This is almost 100,000 hectares more than last year.

This year's harvest has not only highlighted the high skill of Uzbekistan's grain farmers and the ability to obtain high yields but has also posed several serious questions. What lessons should be learned from the work in the grain fields for us to achieve even richer yields in the future? Our correspondent discussed this problem with A. Kasymov, head of the cereals production directorate of the Uzbek Agriculture Ministry.

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"It was not easy to obtain the grain," Altukh Abbasovich [Kasymov] says. "However, strictly speaking, a peasant's work has never been easy. This is the first time that Uzbekistan's peasants have had to cultivate grain on such an extensive area.

"The grain producers showed real selflessness. The grain-producers in the Fergana Valley's grain fields worked particularly well. For example, in Andizhan region the average yield rose to 4.45 tonnes a hectare, in Namangan region the figure was 4.0 tonnes, and in Fergana region it was 3.5 tonnes a hectare. We should bear in mind that areas under cereals occupied 52,000 hectares each in Namangan and Andizhan regions and 82,000 hectares in Fergana region.

"The largest area for cereals was in Kashkadarya region, at 150,000 hectares. The Kashkadarya grain-producers poured 350,000 tonnes of grain into the state's granaries. Their average yield was 2.34 tonnes a hectare. However, they were the people who faced the greatest problems.

"The main obstacle was the lack of water. By the way, that was an acute problem in Bukhara and Navoy regions as well.

"The peculiarity of the harvest in Uzbekistan is that the southern areas begin to cut grain crops at the end of May, whereas northern areas do not start until the end of July. This wide timespan considerably complicates the entire harvest. For example, one region may need fertilizers today and another will need them tomorrow.

"The inadequate material base also had an impact. There is a clear shortage of fertilizers. The second round of fertilizer treatment was not carried out on many farms, and this inevitably had an impact on productivity.

"We cannot ignore the fact that 20,000 hectares were destroyed by heavy rains and hail.

"While we pay tribute to our grain farmers' selflessness, we must not overlook the fact that those regions which did not shine last year did not do well this year either. The grain producers of Karakalpakistan and of Bukhara and Navoy regions produced bad results.

"Of course, we cannot imagine that farmers there are underestimating the full importance of the task in hand — to insure Uzbekistan's grain self-sufficiency. However, organizational confusion and an inability to place people correctly and to make full use of the available machinery resulted in poor yields even on irrigated land in these regions. For example, in Karakalpakistan the average yield was 1.68 tonnes a hectare and in Bukhara region it was 2.02 tonnes.

"On the whole, it is necessary to make clear that we will achieve our goal when we manage to obtain harvests of 4.3 to 4.5 tonnes a hectare on irrigated land.

"Nevertheless, a major step has been taken. Compared with last year, average productivity rose by 0.6 tonnes to 2.98 tonnes a hectare. In all, 2,830,000 tonnes of cereals have been gathered so far. This undoubtedly can be regarded as a major success. The most important thing is to develop it further next year.

"The combine harvesters are leaving the fields, but the grain producers have another responsible task ahead — the corn harvest. I would like to draw special attention to the need to prepare granaries and to take all possible measures to avoid losses during the harvest. We have had such losses during the cereal harvest. Grain remained in the fields due to a lack of regulation of combine bunkers, grain was lost in transportation, and we did not avoid losses on the threshing-floors. All of this must be taken into account during the corn harvest, which is not far off. However, that harvest will have its own problems: the corn harvest usually coincides with the cotton-picking season. We must overcome the psychological barrier which existed when it was believed that cotton was a vital crop and corn was of secondary importance. Such an approach must definitely become a thing of the past.

"In order to avoid the mistakes that were made, our grain producers must think now about the 1996 harvest. There is every reason to believe that we shall take an even greater step toward grain self-sufficiency next year."

Results of Turkish Premier's Visits Viewed

954F2923A Moscow KOMMERSANT DAILY in Russian 12 Jul 95 p 4

[Report by Dmitriy Alyayev and Georgiy Bovt: "If There Is the Political Desire...."]

[FBIS Translated Text] The two-day official visit to Uzbekistan of Tansu Ciller, prime minister of the Turkish Republic, came to an end on 10 July. Aside from a purely cultural program, which culminated in a visit to the historical monuments of Samarkand and attendance at the opening in this city of Kemal Ataturk Street, the Turkish delegation headed by Ciller signed five documents: agreements on S&T cooperation, a simplification of visa procedures, real property, and the financing of embassies, and the creation of a joint commission for trade and economic cooperation. The guest was greeted in Tashkent on the grand scale. Not a bit less than yesterday in Baku, for that matter.

Within the framework of the visit to Uzbekistan, the Turkish Embassy in Tashkent organized a business

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seminar, in which, on the side of the guests, more than 30 businessmen and bankers took part. The hosts were represented even more substantially—by the leadership of practically all the branch ministries. The zeal of the host side did not go unnoticed: Right here at the seminar the Turkish participants announced Ankara's intention to grant Tashkent a further loan of $100 million for the support of small business.

The present meeting of Islam Karimov and Tansu Ciller brings to a close the discord that had lasted for more than two years. Uzbekistan had struck a "pose of aggrieved friend" and succeeded ultimately, without having waived its dissenting views on democracy, in literally forcing its new "elder brother" to agree to rapprochement. On the other hand, Karimov's government understands full well that Turkey is as yet the sole Asiatic country that could serve as a prototype of the future Uzbekistan as it appears to the present regime. In addition, not counting Pakistan (in which Tashkent is intimidated by the all too unconcealed and ubiquitous interference of Islam in the affairs of state), Turkey occupies a more than simply significant place in the Uzbek foreign trade turnover.

The question of the Uzbek opposition taking refuge in Turkey remains unresolved as yet, it is true. But during the negotiations both the guests and the hosts carefully skirted this delicate topic, displaying the maximum tact in relation to each other. Nonetheless, this problem will, evidently, hover for a long time over all Uzbek-Turkish relations, and it would be logical to assume that Uzbekistan will ultimately yield. But this might also not be the case if, inspired by its successes in the former confrontation, Tashkent decides to dig in, in the foreign policy positions that it occupies. To what this will lead, it is quite hard to guess, especially since Turkey considers Uzbekistan the gate through which it could penetrate all the Central Asian countries unimpeded.

Turkey, for that matter, does not rule out the possibility of availing itself of another path into Central Asia, either: The emergency gate into this unconquered paradise could be Azerbaijan, where Tansu Ciller arrived in the afternoon. The visit to Baku is today of enormous significance. For several reasons. But the most important of them is oil. The fact that the primary oil of the Caspian international oil consortium will be shipped via Georgia and then across Turkey, not across Russia, on which it—in the person of LUKoil—had been so long insisting, was announced for the first time just several days ago. Geydar Aliyev and Tansu Ciller will, obviously, resolve this problem conclusively in the course of the present visit.

Baku attaches emphatically great significance to the Turkish prime minister's visit for one further reason also: President Aliyev wants to have done forever with, to put it mildly, the rough passages in the two countries' political relations which emerged following the forcible removal from the presidency of the pro-Turkish Abulfaz Elchibey. Aliyev intends to demonstrate that in terms of affections for Ankara, he is not a bit inferior to the present recluse of Nakhichevan. Greeting the charming Ciller at Baku Airport, Geydar Aliyev, in order to stress the warmth of the reception, welcomed her with the words: "Welcome to native soil."

The progress of the political consultations testifies that relations between the two countries are truly at a high level today. Turkey has firmly supported and continues to support Azerbaijan in the conflict with Armenia over Nagornyy Karabakh. Ankara's unremitting efforts as of late in the field of a peaceful settlement (along OSCE lines included) is an indicator that it has no intention of reducing its activity in a resolution of all important regional problems. It is still somewhat early, perhaps, to suspect it of an aspiration to become a regional superpower. But in the context of the policy of a reorientation of the regional routes of the shipment of energy resources, such intentions acquire perfectly realistic features. Following the disintegration of the USSR, new geopolitical spreads had to appear—and they are appearing. It is simply that Geydar Aliyev, by virtue of the presence in Azerbaijan of vast oil reserves, has been able as one of the first regional leaders to permit himself (although not without political risk to himself) to begin a process of distancing himself from Moscow.

This process needs to be bolstered economically also. And much time was given at the Azerbaijan-Turkey meeting to questions of economic relations as well. Aliyev put to Tansu Ciller a request for assistance in an intensification of the investment flow into the Azerbaijan economy. Some 320 Azerbaijan-Turkey joint ventures are already registered in Azerbaijan at this time. True, only just over 50, the share of which in Azerbaijan's overall gross product does not exceed 0.1 percent, are actually operating. In this case the political will—to the intensive development of economic relations— is far outpacing both the actual economic possibilities of Azerbaijan, whose economy is as a result of the long war in a state of most profound crisis, and the level of legislative backing for the process of the attraction of foreign investments. But the presence of such strong will could compensate for many shortcomings.

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Armenia

Foreign Minister Receives NATO Deputy Commander

NC3107182795 Yerevan Armenia's Radio First Program Network in Armenian 1300 GMT 31 Jul 95

[FBIS Translated Text] Armenian Foreign Minister Vahan Papazian received today Deputy Commander-in-Chief of the NATO United Forces in Europe General Jeremy MacKenzie.

In greeting the guest, Armenian foreign minister emphasized that Armenia is interested in developing cooperation with the European structures, particularly with NATO, and in this connection he noted the importance of the visit to Armenia by the delegation headed by the general.

General MacKenzie briefed the foreign minister on his impressions from his visits to Azerbaijan and Georgia.

At the guest's request, Mr. Papazian explained the main thrust of the republic's foreign policy and dwelt in detail on Armenia's activities within the CIS structures and its relations with the neighboring countries.

Various matters of mutual interest were examined during the exchange of views. In particular, the negotiating process for the political resolution of the Nagorno-Karabakh conflict was examined. The prospects of further cooperation between Armenia and NATO within the Partnership for Peace Program were also examined.

Diplomats Informed of Capture of 'Terrorist Group'

NC3107180195 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Jul 95

[Statement by the National Security Ministry — read by announcer]

[FBIS Translated Text] Two more members of the terrorist group which was neutralized on the night of 28 July have been detained thanks to the operations conducted by the Armenian National Security and Interior Ministries. The search is continuing for the remaining members of the group. The detainees are being interrogated.

The diplomats accredited to Armenia were invited to the presidential residence on 31 July and were given the statement issued by the Armenian National Security Council.

In informing the diplomats of the neutralization of the terrorist group, Armenian Vice President Gagik Harutyunian noted specifically that this terrorist attempt is causing concern because in addition at aiming to cause general destabilization, the preliminary investigation shows that a number of other criminal objectives were also being pursued.

In view of the seriousness of the case and guided by a desire to ensure stability in the republic and security of the country, the Armenian National Security Council has issued a special statement. The Armenian vice president expressed the conviction that the countries represented by the diplomats will not remain indifferent to any manifestation of terrorism.

Gagik Harutyunian asked them to immediately inform their countries about the statement and take into consideration the Armenian National Security Council's concerns and approach to the issues raised.

Zhirayr Liparitian, chief adviser to Armenian president and coordinator of the work of the National Security Council, replied to diplomats' questions.

Opposition Leader Arrested

LD0108122295 Moscow ITAR-TASS in English 1202 GMT 1 Aug 95

[By Tigran Liloyan]

[FBIS Transcribed Text] YEREVAN August 1 (Itar-Tass) — A leader of the Armenian opposition Dashnak party was arrested in Yerevan on the eve of the second round of parliamentary elections held Saturday and authorities accused him Tuesday of planning terrorist acts to disrupt the polls.

The party, however, fired back by saying that authorities were simply looking for a pretext to ban the organisation completely as its six-month suspension term expired.

Vagan Oganesyan, a member of the Dashnak ruling bureau, was arrested with a group of people on Friday night [28 July]. "The activities and plans of the group... posed a serious threat", the Armenian Security Council, which is an advisory body at President Levon Ter-Petrosyan, said in a statement Tuesday.

"If members of the group succeeded to stage the planned actions, there would have been not only human casualties, but the results of parliamentary elections and the constitutionally-fixed process of democratisation in Armenia would have been discredited", it added.

The Security Council added that those arrested were linked to the secret armed intelligence "Dro" organisation which acts within the Dashnak party and which is on trial for its earlier crimes. It said the group planned to stage terrorist acts on Saturday during the second round of elections.

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"The major defeat of Dashnak candidates in the first round of elections" and the trial of the "Dro" "testify that the Dashnak party in Armenia ceased to be a political party in the direct meaning of the word", the Council said and demanded a fast and worthy punishment to the arrested.

"The Security Council hopes that corresponding bodies and the Armenian Prosecutor's office will resort with all strictness to the laws on fighting terrorism and banditism, will immediately and unbiasedly investigate the case passing a worthy punishment to the criminals", it said.

But the Dashnak party ruling bureau rejected accusations of involvement in terrorist activities and said the name of Oganesyan was used to stage a new provocation against the party.

It said that "in connection with the expiration of the six-month period of suspension of the party's activities Armenian authorities make an attempt to create the base for finally banning it".

Georgian Deputy Premier Gulua Pays Brief Visit

NC3107185795 Yerevan Radio Yerevan International Service in Armenian 2000 GMT 29 Jul 95

[FBIS Translated Text] Our people's fate are so intertwined that they share many things in common, including hardships. Georgian Deputy Prime Minister Bakur Gulua told our correspondent this during a brief visit to Armenia. I have observed that your republic has made significant achievements under the wise leadership of President Levon Ter-Petrosian. I wholeheartedly congratulate the president and Hrand Bagratian on the victory scored by the Republic Bloc in the elections. This was warmly welcomed in Georgia. This victory testifies to the stability in Armenia, and stability in Armenia clearly enhances stability in Georgia.

Team To Visit Turkmenistan To Settle Gas Problem

NC3107195595 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 31 Jul 95

[FBIS Translated Text] An Armenian Government delegation will leave for Ashgabat on 1 August to settle the problem with the natural gas supply from Turkmenistan to Armenia. The delegation will be headed by the Energy Minister Gagik Martirosian. Industry Minister Ashot Safarian; Minister of Trade, Service and Tourism Vahan Melkonian; head of the Haygazard [Armenian gas company] Roland Adonts; and other officials are members of the delegation.

Recent Economic Developments Outlined

NC0108050195 Yerevan NOYAN TAPAN in English 1432 GMT 31 Jul 95

["Economic Review (July 23-30)" — NOYAN TAPAN headline]

[FBIS Transcribed Text] 31/07/95 NOYAN TAPAN — NATIONAL CURRENCY: Dram rate remained stable as the week went by. The average price of 1 U.S. dollar at the end of the week was 420 drams, as compared with 424 drams at the beginning. 1,000 Russian rubles were worth 84 and 88 drams respectively. Thus, the week resulted in a 1 percent decrease of dollar quotation, and a 4.7 percent increase in ruble quotation. For the same period of time the average price of 1 dollar on Moscow Inter Bank Currency Exchange rose from 4,530 to 4,420 rubles or by 2.5 percent.

Exchange sales altogether sold 2.716 million U.S. dollars — an unprecedented amount. As of Friday [28 July] the exchange rate was 409.72 drams for 1 dollar.

The sale of Russian rubles turned out to be far more lukewarm. Only one of the three auctions held during the week offered Russian currency. It sold out 390 million rubles at an exchange rate of 91.41 drams for 1,000 rubles.

CREDIT MARKET: Only once sales have been held since the time (July 21) when Central Bank of Armenia lowered the annual interest rate for refunding from 80 percent to 72 percent. Once again Central Bank offered short term credits (28 days). The whole amount offered for sale was bought (200 million) at a very low interest rate of 54.8 percent per year (4.6 percent monthly). We can hope that this indicates a tendency to low, acceptable for the economy, interest rates. It should be reminded that since February, the credits of Central Bank were bought on average at 80-90 percent of annual interest rate. The anticipated foreign credits (only the World Bank alone is going to offer another 220 million dollars in credits) will obviously serve to this purpose.

CONSUMER PRICES: The prices for major items of imported production (gasoline, bread, sugar, butter, eggs, condensed gas etc.) changed slightly during the month of July. The rise in prices for the month can be evaluated within 1-2 percent. Incidentally, according to NOYAN TAPAN price index for 16 food products, the overall level of consumer prices for the first ten days of July rose by 0.3-0.5 percent.

PRIVATIZATION: Subscription to shares of another 10 enterprises was close to being completed by the end of the week (the deadline for subscription is July 31). By preliminary estimations, the privatization campaign for

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this group is even more successful than for the previous — in most instances demand exceeded the number of shares offered for subscription.

Azerbaijan

Hasanov Meets Australian Deputy Foreign Minister

NC3107191695 Baku Radio Baku Network in Azeri 1700 GMT 31 Jul 95

[FBIS Translated Text] Foreign Minister Hasan Hasanov received the visiting deputy foreign minister of Australia on 30 July. Hasanov warmly welcome his guest and described his visit as an important landmark in the development of relations between Azerbaijan and Australia. The two officials agreed that the [word indistinct], economic, and cultural relations between the two countries should be improved, and they pointed to the existing opportunities in that regard. The guest said that Australia wants to establish many-faceted relations with Azerbaijan.

For his part, Hasan Hasanov said that the allocation of funds by the United States, Britain, France, Turkey, Norway, and [name indistinct] and the IMF, the European Reconstruction and Development Bank, the Islamic Bank, and several other international banks for the realization of economic projects in Azerbaijan should prompt foreign countries, including Australia, to cooperate with our republic.

The guest responded to Hasanov by saying that plans have been made for Australian officials to visit Azerbaijan to hold talks on the prospects for improved bilateral economic relations.

Oil To Be Shipped Via Novorossiysk, Georgia

NC3107212895 Baku TURAN in English 1043 GMT 31 Jul 95

[FBIS Transcribed Text] Baku/31.07.95/TURAN — "The early oil will be shipped through the territory of Russian Federation to the port of Novorossiysk and the big oil must be shipped through Georgia to the Mediterranean terminals of Turkey. This is my opinion and I believe such resolution will be adopted as well", the speaker of Azeri Parliament, Rasul Guliyev, told TURAN.

As is known, the issue concerning the early oil shipment must be settled by late August 1995. Currently the consortium considers two variants — the northern (going out to Novorossiysk) and the western (going out to Georgian port of Poti). The big oil must be exported through the territory of Turkey, this is the opinion of the consortium as well as Baku. However, the place of laying of the intermediate section of the strategical pipeline remains unsettled. Baku could have discussed the laying of the pipeline through Armenia if the latter stops the aggression towards Azerbaijan. The transit through the territory of Iran is excluded due to disagreement of the U.S. That is why the only variant of the pipeline is to Turkey through Georgia. However, Russia expresses its readiness to transport big oil through its territory too.

During the visit of Ukrainian President Leonid Kuchma to Azerbaijan from July 27 to 28 it has become clear that Kiev seriously works out the plans of shipment of Baku's oil to the West through its territory. The Ukrainian specialists offer the route Baku-Poti-Odessa and then to the western border. In this case Ukraine will pay for the construction of the section of the pipeline Baku-Poti. Kiev says in the future this section can be laid on east — from the Caspian to the Central Asia and it will be possible to include Kazakhstan, Turkmenistan, Iran and Iraq to this pipeline.

Georgia

Shevardnadze on Turkish Visit, Constitution

LD3107132195 Tbilisi Radio Tbilisi Network in Georgian 0504 GMT 31 Jul 95

[Regular weekly interview with Georgian head of state Eduard Shevadnadze, chairman of the State Council, by correspondent Nato Oniani; place not given — live]

[FBIS Translated Excerpt] [Oniani] Today, we will not begin our interview by reviewing the economic situation as we usually do because you are soon leaving for the Samtskhe-Javakheti Province [southern Georgia] where a new customs checkpoint will be opened. We knew that Turkish President Suleyman Demirel would attend the ceremony but the latest information shows that it will also be attended by members of the Turkish Government and Prime Minister Tansu Ciller among them. It seems that the Turkish side attaches great significance to the event. What will be the significance of the event for us, for the country, and its economy?

[Shevardnadze] Thank you. Good morning. It is special day today. You have said and I will reiterate that the Turkish President Suleyman Demirel, Prime Minister Tansu Ciller, Deputy Prime Minister Cetin, ministers — the foreign minister among them — governors, prominent state figures, and representatives of the population of the bordering areas are visiting us today. I would say that this is an unprecedented representation and this demonstrates the particular readiness of our neighbor to develop good and fraternal relations between the two countries.

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This meeting will actually be a summit conference with the participation of the governments. This sort of practice is taking root in our policy as a dynamic process. You know that this will be the third visit to Georgia by Mr. Demirel. It is significant that this time he will be accompanied by the prime minister and other officials who decide practical and concrete issues. Indeed, the region, the current situation in the Caucasus will be the subject of our dialogue. The dialogue will embrace broader spheres including relations among the Black Sea countries, bilateral relations and, naturally, we will discuss the international issues that raise concern in all the states and among all the peoples. I will give a more detailed report after the meeting.

As for the opening of this new route and the customs pass, this event goes far beyond the procedure of opening a checkpoint by its significance. You know that we already have one pass [Sarpi in Ajaria]. There will be no competition between the two passes. It [the pass] will get its own assignment in the future in accordance with its particular character. The new one will serve different purposes and the traffic will be different too. This demonstrates that Georgia, as a transit country, is already performing its role and its mission becomes broader.

According to my observations, the route will do much good to the country and first of all it will be the initial sign that the development of Samtskhe-Javakheti Province's economy, the material as well as spiritual revival of the region, is not far away. I should say that the provincial administration and local district administrations, along with the Cabinet of Ministers and other structures, have played an important role in expediting the opening of the route. [passage omitted] It is very important that stability be maintained in the region and criminal elements be prevented from messing up the organization of this great deed.

[Oniani] There was an important point in your economic review last week. You had a meeting with a group of people who claimed that they could supply cheap agricultural products to the city but the circumstances on highways and at the markets made this impossible. The situation at the markets is now under control in accordance with your directive and, in effect, the rural population is selling agricultural products at special sites in various districts of Tbilisi at prices much lower than those at the markets. First of all, this is very convenient for the citizens of Tbilisi and, in addition, this will presumably reduce prices at the markets.

[Shevardnadze] I would like to say a few words with regard to the economy. A few words because, as I have already told the listeners, a special meeting of the heads of regional administration, town administrations, and ministries will be held within the first 10 days of August, which will discuss the economic situation in detail.

I would like to say that certain positive processes now under way in Georgia, I mean the creation of a legal basis for a market economy, and this will be further speeded up if we accomplish our plans of adopting the Constitution and the practical results of transferring to the market economy are fairly perceptible. For instance, according to reports by the Finance Ministry, by 28 July 1995 budget revenues surpassed 160 trillion coupons. This substantially exceeds our theoretically estimated targets. [passage omitted]

I would like to speak briefly about the united New Georgian Bank. You may recall the discussions and arguments caused by the unification of the banks. The benefits of the unification were questioned. I would like to say that the presidents of the three banks, Mr. Chkhartishvili, Mr. Maghlakelidze, and Mr. Sioridze, who were the initiators of the unification, started a great deed. At present, the New Georgian Bank has been recognized as a solid partner. For instance, 15 percent of the bank's shares have been bought by a well-known Greek commercial bank. The European Bank also shows an interest, as well as some other banks of high international authority. This means that a vigorous process of banking activities are beginning in Georgia. I particularly welcome the first moves by the New Georgian Bank for financing certain serious projects. I would also like to thank the National Bank, which supports the new bank in spite of its different attitude in the past. Now, I am going to answer the concrete question you asked me. The provincial administration of the Kvemo Kartli region and the district administrations have taken a magnificent initiative. They, together with the Tbilisi mayor's office, arranged the trade of agricultural products in Tbilisi. It was a well-coordinated action. [passage omitted]

The office of the head of state is preparing a directive, or it may be a edict, on organizing the supply of agricultural products to the capital city as well as other industrial centers. No forced actions are meant by this. We have to support and give a hand to the rural population so that they are able to bring their produce to towns without any obstacles, because it is of vital importance for them to sell the produce.

[Oniani] Samtskhe-Javakheti Province, where you are going today, experiences many difficulties in transporting its produce. In fact, this is a poor area and it will be important if they are able to sell their produce. They have excess produce but are unable to sell it.

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[Shevardnadze] This is a very serious issue. We have to arrange the first model markets in Tbilisi. [passage omitted]

However, this cannot be a one-way process. The directive will specify commitments of towns in relations with rural areas. Towns should support and help Akhalkalaki, Ninotsminda, and other districts by supplying what they need most of all. Coal and fuel in winter for instance. [passage omitted]

There should be full cooperation, real cooperation. We can see that this process is commencing. As the country is beginning to yield products, the carriage of these products to the main consumer — the population — fully depends on the way it is organized. Good arrangements this year will be an incentive for a further increase in production next year and this will, naturally, improve the living standards of each citizen of the country. The Cabinet of Ministers — which assists us in drafting the directive — ministries, the Union of Consumer Cooperatives, and other agencies, to say nothing of local administrations and the representatives of the head of state, should be more actively involved in the process.

[Oniani] Incidentally, not such a very long time ago, agricultural products brought to Tbilisi from regions in an organized way, were sold at very low prices in Tbilisi shops.

[Shevardnadze] The main point is that the population has given up producing crops. This year is becoming a turning point, a real turning point. Had it not been for drought and the hail that devastated Kakheti and some other regions, we would have had far more opportunities to help towns and, consequently, the towns would have given a stronger helping hand to rural areas. This is the main point.

I should add here that many good traditions have undeservingly been given up. For instance, Tbilisoba [annual fairs in Tbilisi, originated during Shevardnadze's time as the Communist Party leader]. I cannot understand why it is considered to have been a communist, a bolshevik event. These were normal festivities when people would arrive from all over Georgia and would bring agricultural products for sale, the population would make stocks for winter. All this was accompanied by some dancing and singing and a display of all the latest achievements. Why was it bad and why was it a bolshevik event?

I believe many of our traditions, including the tradition to hold fairs, should be revived. This, indeed, is an integral part of the market economy. It may be arranged in a slightly different way in the future. There are plans to set up special warehouses where peasants will have an opportunity to bring, store, or hand over agricultural produce to appropriate cooperatives. For the time being, let us revive what we already had. [passage omitted]

[Oniani] The ongoing discussion of a draft constitution by the Georgian Parliament was yet another, and perhaps most important event of the past week. How would you assess the progress of the discussion?

[Shevardnadze] Consultations on the draft constitution have entered a decisive phase, this is evident. We are, indeed, short of time. In fact, we generally are short of time for anything. There are complaints that we were not properly prepared — we are generally short of time. Therefore, we have to do in the shortest possible time what could in other circumstances be done in two or three years, like others do. [passage omitted]

However, I can see that major difficulties are still to come. Debates on conceptual issues of the Constitution started yesterday. Seemingly correct and calm speeches do not mean that a referendum on the Constitution has been removed from the agenda. Yesterday's debates demonstrated that certain forces want to fit the fundamental principles of the Constitution to their stand. As I said, major difficulties are still to come. Therefore, I am calling on the citizens of Georgia to watch closely the work being done by parliament with regard to the draft constitution and not to rule out a possibility that the population will have to give an answer on the most fundamental issues at a referendum. Although, I would like to add that I, personally, am for adopting the Constitution without a referendum. [passage omitted]

If we managed to adopt the Constitution without taking it to a referendum, this would be a historic achievement by the present Georgian Parliament. [passage omitted]

[Oniani] Last week, an Armenian delegation visited Georgia to take part in a business forum organized by the Union of Citizens of Georgia. They discussed issues of establishing joint enterprises, restoring transport routes, liberalizing customs services, and creating other beneficial circumstances for business circles. What significance do activities like this have?

[Shevardnadze] I sincerely welcomed the initiative by the Union of Citizens of Georgia. The meetings were very useful and they were not only friendly and neighborly meetings but also business meetings. They considered, as you said, possibilities of setting up joint enterprises, a common approach to resolving power engineering and fuel problems, problems of transport, and so on. We have discussed many topical issues and have agreed on future plans. The two countries have a lot in common historically and it is natural that they have to

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act jointly and their actions should be mutually coordinated.

Our neighbors demonstrate enviable orderliness in building up a new state. You know what a difficult start they had in Armenia due to the scantness of resources. But owing to this orderliness and good discipline, the country managed to come out of the critical phase. They have already adopted the Constitution. It would do our population and politicians good to study the Constitution attentively because, to my mind, there are quite a few important points there, which Georgia will have to consider. We are at a similar stage of development. They have held elections. I was impressed by the good organization of the elections. There are many other things that we have to learn from them as well as from other neighbors.

[Oniani] The Georgian Socialist Party and the Georgian People's Socialist Party held a conference last week. How far will the Union of Citizens of Georgia share a socialist orientation?

[Shevardnadze] I can only welcome the search for ways to implement socialist ideas in Georgia. I mentioned this in my greeting to the conference. The search is even more important at present because many quite well-organized forces are thrusting an extreme model of a socialist idea onto us, that is, the model that will again lead us to a totalitarian system. This path has not only been tried but also actually implemented and I regard it as absurd and senseless to start all this from the beginning again.

In these circumstances, yesterday's conference is a significant event from the point of view of future developments, not only for the group of people who initiated this but also for the political and social life of Georgia.

As for the stance of the Union of Citizens of Georgia in this respect, we are together with them as like-minded people but not yet organizationally. I do not think that the Union of Citizens of Georgia will grow into a sort of socialist party or social democratic party or any other. The Union of Citizens of Georgia will remain a centrist force with a noticeably leftist direction and it is natural that whatever is happening with regard to further studies of a socialist idea and searches for ways to implement the idea in the current circumstances in Georgia will have a vital importance for us.

[Oniani] Thank you very much. You have been listening to Eduard Shevardnadze, the chairman of the Georgian Parliament and head of state.

Shevardnadze, Turkey's Demirel Inaugurate Border Checkpoint

LD3107135895 Moscow ITAR-TASS in English 1307 GMT 31 Jul 95

[By Aleksey Yevrochenkov]

[FBIS Transcribed Text] NICOSIA, Jul 31 (ITAR-TASS) — Presidents Suleyman Demirel of Turkey and Eduard Shevardnadze of Georgia inaugurated on Monday a new border checkpoint in the Turkish village of Turkgozu, the province of Ardahan.

Under a bilateral protocol, the checkpoint will service passengers travelling between the two countries and be equipped to handle cargoes as Georgia and Turkey seek to boost their trade turnover.

The Turkgozu is the second such border crossing between the two countries. They plan to open one more in the near future.

Speaking at the inauguration ceremony, Demirel stressed that the opening of the border gate is a historic event. "Today, historic barriers that were not the fault of either country are coming down," he said. The peoples of the two countries have extended a hand of friendship to each other and are determined to remove all barriers artificially built between Georgia and Turkey in the last 70-80 years, he said.

After the ceremony, Demirel and Shevardnadze went to the Georgian town of Borzhomi for official talks on the future of bilateral cooperation between the two countries.

Shevardnadze Welcomes Opening of Highway With Turkey

LD0108111795 Moscow ITAR-TASS in English 1038 GMT 1 Aug 95

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, August 1 (ITAR-TASS) — Not only Georgia and Turkey, but also neighbouring countries will benefit from the motorway through the Georgian-Turkish checkpoint which was opened on Monday [31 July], Georgian leader Eduard Shevardnadze said in a televised interview on Tuesday.

The highway will help the economic revival of Georgian and Turkish frontier regions, Shevarnadze said. The new pass will join Turkey not only with Georgia, but also with Azerbaijan, Armenia, Russia and Central Asian republics.

The opening the checkpoint on the Georgian-Turkish border will not irritate Russia. On the contrary, it will be advantageous to it, he said.

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"For Russia, it is a new way to export into Turkey and other Oriental countries and to import from Turkey and other Oriental countries," he added.

Armenian Foreign Minister Visits, Returns Home

NC3107162695 Yerevan Radio Yerevan International Service in Armenian 2000 GMT 30 Jul 95

[FBIS Translated Text] The Armenian flag was ceremoniously raised along one of the central avenues of Tbilisi on 29 July, thus signaling the opening of the Armenian diplomatic mission. Armenian Foreign Minister Vahan Papazyan spoke during the ceremony. He congratulated the participants in the ceremony. Georgian Prime Minister Otar Patsatsia, Foreign Minister Aleksandr Chikvaidze, and high-ranking diplomats from the United States, Russia, China, and other countries were present at the ceremony.

The Armenian delegation headed by Vahan Papazyan was received on the same day by Georgian Catholicos Elijah II. The meeting was held in a warm atmosphere during which views were exchanged on the current relations, including social and spiritual relations, between the two peoples. The importance of the two peoples' mutual influence was stressed, and it was agreed that this factor merits emphasis in the histories of the two republics.

The Armenian Government delegation headed by Foreign Minister Vahan Papazyan returned from Tbilisi to Yerevan late last night. The delegation visited Georgia on the occasion of the "Days of Armenian Culture" celebration there.

Shevardnadze on Ties With Armenia

NC0108050095 Yerevan Radio Yerevan International Service in Armenian 2000 GMT 31 Jul 95

[Report on an interview with President Eduard Shevardnadze with an unidentified ARMENPRES Correspondent, in Tbilisi; date not given—read by announcer]

[FBIS Translated Text] Georgian President Eduard Shevardnadze has granted an interview to the ARMENPRES reporter in Tbilisi.

[ARMENPRES] Do you think that Armenian-Greorgian relations are up to date?

[Shevardnadze] I think that the existing contacts — in which not only official delegations, government officials, and ministers, but also the cultural workers are taking part — attest to the nature and significance of our meetings and prove the sincerity of the mutual feelings, fraternity, and the admiration forged over the ages. These have not only been preserved but conditions have even been created to raise them to a new level. As such, the contacts with this Armenian delegation have proved once again that the dialogue is always up to date.

[ARMENPRES] What issues were discussed during the meeting with Vahan Papazian and other members of the Armenian delegation?

[Shevardnadze] A broad range of issues, from evaluation of the general economic situation to the holding of the Georgian cultural days in your republic. The possibility of establishing a Yerevan- Tehran-Tbilisi route and the improvement of transportation between Georgia and Armenia were examined. We expressed our satisfaction with the elections to the Armenian National Assembly and the results of the constitutional referendum because we are interested in cooperating with authorities, who are doing everything to transform Armenia into a sovereign state.

Opinion Poll Results on Rating of Political Parties

AU0108103595 Tbilisi AKHALI TAOBA in Georgian 26 Jul 95 p 1

[Unattributed report: "The Rating of Georgian Political Parties"]

[FBIS Translated Text]

National-Democratic Party — 30
[Georgian] Citizens' Union [pro-Shevardnadze] — 27
United Republican Party — 17
Union of Traditionalists — 9
Ilia Chavchavadze Society — 6
United Communist Party — 3
Merab Kostava Society — 3
Round Table — 2
National Independence Party — 1
Monarchist Party — 0

The telephone poll was held in Tbilisi on 19-22 July; the number of respondents polled was 500.

The figures are conventional and reflect only proportionate relations.

Party Leaders Discuss Current Problems

AU0108103795 Tbilisi ARGUMENTI in Georgian 20-27 Jul 95 p 5

[Interviews with Nodar Natadze, United Republican Party National Committee chairman, Parliament Deputy Speaker Vakhtang Rcheulishvili, founder of the Socialist Party, by Levan Ramishvili; place and date not given: "Nodar Natadze: 'The Offensive Will Weaken in One

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Year's Time'; Vakhtang Rcheulishvili: 'The Creation of a Strong Center-Left Force Is Necessary'"]

[FBIS Translated Excerpt] [Ramishvili] Recently, Georgian political life has undergone a certain metamorphosis. How do you explain the changes that have taken place?

[Natadze] The changes have been conditioned by two factors: The general bankruptcy of Shevardnadze's policies and the gradual retreat of Russian imperialism. If, one year ago, the majority voted for Georgia joining the CIS, today, it is no longer prepared to support every decision taken by the head of state.

As regards the evolution of Russian imperialism, it is developing like a fading sinusoid: At times the wave starts to peak and then a reaction begins, at other times it dips and then we are dealing with a kind of democratization. At present, we are at one of the lowest points and, according to sinusoidal logic, we can expect a certain revenge. It is possible that we will get a worse parliament after the forthcoming elections, but the revenge will not continue for long.

We often hear from our European friends: It is sufficient for Georgia to hold out for one year and not make any legal concessions to its adversary and it will be saved. Russia itself knows this very well and, therefore, is not expending its energy to enslave us this year. Its aim is to legalize the Russian bases in Georgia and establish control over the Eurasian corridor.

[Ramishvili] What is the aim of Russian policy and why cannot it be our ally?

[Natadze] Russia no longer has the hope and opportunity to attack the south and so the Caucasus has lost its traditional function as a bridgehead toward the Near East. Russia will not, after all, be bothered about controlling just the Caucasus. Proceeding from all the aforementioned, Russia needs the Caucasus to block the route from Central Asia to the West so that it itself can control the flow of the region's [oil] wealth to the civilized world. Therefore, Russia's primary geopolitical aim is to seize the Black Sea coastline. Then, it will have Central Asia in its left pocket and the Caucasus in its right pocket. They already have a foothold in Georgia and no one can make them budge.

By taking Abkhazia, Russia has begun to seize our coastline. They now want to occupy Poti as well through their puppets — the "peacekeeping troops" on the Enguri river form a bridgehead for occupying Poti. At the same time, legalizing the bases will not result in their returning Abkhazia to us: The bases are a means and not an end. Their aim is to block the Black Sea. Nobody will exchange the means for the end. The return of Abkhazia, that is to say, opening up the Black Sea, means starting to raise the blockade of the region. Russia will not permit this.

[Ramishvili] How do you think we can avoid the Russian trap? What geopolitical alternatives exist for us?

[Natadze] First of all, in order to take any steps, we need to be able to act. This, however, depends upon the establishment of discipline. We can do this without any problem.

We are able to form a battleworthy army. We can easily arm if not 10 then 5 percent of the population. This is about 200,000 men. Not a single military task facing us calls for such a large army. A 20,000 strong army would accomplish all military tasks, including crushing the Russian imperial machine that is functioning unofficially in Abkhazia. We should have trained and armed this army in the appropriate manner and united it from the moral point of view. If we had not destroyed the economy, we would have easily had the means to do this. The fact that all this was not done is a very great crime. In a normal country, several dozen leaders would simply have been shot for such a crime.

Our strategic partner could be both the West and the East. We could be the country that is closest to the West in the Eastern world and that, in the West, has the closest relations with the East. At the same time, our main orientation will of course be toward the West as this is the source of all knowledge, qualifications, and technology. In addition, we are genetically a European country. Our feudal historical background, religion, and system of values, including democratic values, links us to the West and not the East.

[Ramishvili] At the United Republican Party congress that was held recently, you were elected chairman of the National Committee. What are the Republicans offering our society?

[Natadze] First, let me say that every party that passes itself off as the opposition is dishonest. The first concern is to score points with the electorate, which very many are managing to do, and the second is to govern the state. The Republicans have a concrete political program whose implementation will bring our country out of the very serious crisis. They have a highly qualified team that can implement this program. The honest opposition is thinking about what the authorities need to do and are imparting their views to the government.

[Ramishvili] If the authorities were to implement the opposition's advice, we would have a coalition government. The authorities here make arbitrary decisions without any kind of consultations. They should assume

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responsibility for the decisions they make. However, the opposition must also assume its share of responsibility. What can the opposition do before it comes to power?

[Natadze] Before coming to power, the opposition can stop the policies that are harming the nation. It can put the government on a permanent state of alert so that it strains every nerve and works for the prosperity of society. This red government that has been restored cannot tolerate the opposition, but democracy does not exist without an opposition. In contrast to us, who have presented an actual plan of action, Shevardnadze has not presented his own program in any of his speeches. If this program exists, it is probably impossible to find out what it is. It should be said that Shevardnadze's entire administration has been a series of failures almost without exception.

There are a whole number of functions that require a powerful hand and instant action and not a parliamentary meeting. Presidential rule has this advantage. However, such a hand should be under the permanent control of parliament. In comparison with America, Germany, France, Belgium, Turkey..., our 200-year history [of Russian dominion] makes us suspicious of any kind of hand, whether it is ours or that of an enemy. At the same time, it is considerably more difficult to win over a large parliament than to corner one person — the president. If this person is not a saint and does not have heroic morals, he will behave accordingly and, furthermore, deceive the people by saying that it is the government that has reached an impasse and not he himself.

[Ramishvili] The new Constitution, along with introducing the post of president, envisages a federal system for the country. How do you view this?

[Natadze] As regards federalism, or more accurately feudalism, this has been ordered from Russia. Our administration's crime is not that it is forced to submit to Russian pressure but what it conceals from us — federalism is a plan that has been imposed upon us by our enemy.

Clearly, the Georgian nation understands what this means. The scope of what is unacceptable, along with the intellectual level, is increasing. [passage omitted] True, several years ago, one or two Georgian politicians were propagating the idea of federalism but this was out of a desire to be original. [passage omitted] The regional division is not part of our historic tradition but our historic weakness. Our true national tradition is the struggle against precisely this ailment. [passage omitted] In Georgia, federalism is not confined within purely administrative limits. Our national statehood is very weak. Our enemies will use this situation against us. Federalism will result not only in the breakup of Georgia as a country but also in the dismemberment of the Georgian nation. In the event of federalism, the self-awareness of Georgians will not be national but regional. Federalism means moving from stable national ground to no ground at all and falling into the abyss of civilization.

[Ramishvili] The Georgian parliament has practically ended its three-year term. How would you assess the work of our supreme legislative body?

[Rcheulishvili] In spite of my negative attitude to the general background against which parliament has directed its activities, one can say that parliament has fulfilled its purpose. Whether we like the current parliament or not, it is a fact that a democratic institution is functioning in the country, one which has managed to adopt decisions on all issues of importance for the nation — the struggle against crime, membership of the CIS, ratification of the budget.... You remember how they tried to get the government to resign by not ratifying the budget. However, the adoption of a budget that had been drawn up through cooperation with the IMF resulted in the salvation not of the government but of the reform process. The setting of a date for elections was likewise a historical event, which created the precondition for the transfer of power by democratic means. We will soon adopt the Constitution and so the first cycle in the formation of Georgian statehood will be completed.

[Ramishvili] The draft Constitution envisages a reform of the administrative and territorial structure. What principles will form the basis of Georgia's new statehood?

[Rcheulishvili] The Constitution envisages the decentralization of the supreme management of the state through the division of powers. The same principle is laid down in the Constitution through the introduction of the idea of regionalism. Centralism is a vestige of the totalitarian system. How can one plan from Tbilisi what should be done in the provinces if we are transferring to a market economy. For example, France after the revolution was divided into departments and the historic provinces were done away with. However, in 1972, the French were forced to return to the regional principle as the regions were losing not only their cultural but also economic distinction.

Decentralized rule at the rayon level will not work — the rayons have the same problems and they are subject to unified rule. Decentralization is only possible at the regional level; the economies of Kakheti and Samegrelo cannot be planned according to one model. At the same time, the region will not be able to plan the budget — the territory [mkhare] will plan it. All problems should be resolved on the spot while Tbilisi's prerogative will only be what cannot be resolved in the provinces, namely

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defense, finances, foreign policy.... This is why the principle of regionalism and not federalism is laid down in the Constitution.

[Ramishvili] What is the difference between regionalism and federalism?

[Rcheulishvili] I believe that the German model of federalism is not suitable for Georgia. In my view, we should have regionalism, whereas federalism is necessary only in Abkhazia and Achara. Federalism is unacceptable in that Georgia was formed as a single country with a single mentality. Federal subjects should have a constitution. Our territories today have no need of this. Why does Kakheti need to have its own parliament?

We need those administrative bodies that will promote the region's distinctive character and development as is the case in Spain or Italy. If Kakheti needs a parliament to resolve local budgetary problems or implement control over executive power and there will be such a demand in the provinces, Kakheti will have a parliament.

The [regional] governor should be the representative of central power. He should be appointed by the president as happens in France or Turkey. In principle, electivity is not a big danger, but until this new institution is formed, it is better for the governor to be appointed. Time will tell how things will be in the future.

The fate of the rayons will also be decided in the future. It is possible that in 5-10 years' time we will no longer need them. However, the rayon system does function today. The nucleus of our majority are deputies who have been elected from the rayons and it is unacceptable to them if this organized system is hastily abandoned. They view any reform with caution. Let us see how the rayon structure will function in territorial conditions and then let us make a final decision. If we adopt a new Constitution, it will not last for 200 years like the American Constitution. America is America whereas we are a European country that also borders on Asia. France has adopted 16 Constitutions in all and changed five republics. During the time of De Gaulle alone, two Constitutions were adopted. You know that De Gaulle introduced the institution of a strong presidency, on the one hand, as a counterpoint to parliament and, on the other hand, to neutralize the growing influence of the French Communists. We are today faced with similar tasks.

Georgia needs a Constitution such as will correspond to the transitional stage. This is the stage of the formation of national statehood that will come to an end in around 10 years, when it will be necessary to adopt a new Constitution. I can already clearly see and, as time goes by, am more convinced that a new stage is beginning in the country. Just wander down Rustaveli [Prospekt, main avenue in Tbilisi] and see what it looks like now compared with last year.

[Ramishvili] Do you think market reforms have brought results?

[Rcheulishvili] People tell me now: The commercial kiosks [jikhurebi] — is this your market? Of course this is not a market economy but, when the state cannot provide people with basic conditions to exist, they see the kiosks as a solution. How many refugees from Abkhazia have been saved by the kiosks? I take a critical view of the opening of so many commercial educational institutions, but how many teachers have these private institutions saved? Sooner or later, the kiosks will disappear, but prohibiting them today will be a catastrophe.

Today when only 8 percent of the population have seen an improvement in their situation while for 20 percent there has been no change and for 72 percent it has deteriorated, the existence of the Socialist Party is essential. If, today, we are unable to provide social protection for the population and even if we do build a prosperous country later on, this will be prosperity that has been built upon human bones. I support the idea of inserting in the Constitution that Georgia is a socialist republic just as this is written in the German Constitution. In order to prevent the people from falling into the hands of communist demagogues, there needs to be a strong center-left force that will concern itself with the social aspects of reform. The socialist idea means the creation of a system of social protection using market mechanisms. The industrial tigers and dragons in the Pacific Ocean region are Singapore, Indonesia, Taiwan, and South Korea, countries that have built their economic strength on the basis of a planned economy. From where should the plan begin? The rayon cannot do this. The territory can.

[Ramishvili] What kind of relations exist between the Socialists and the Citizens' Union?

[Rcheulishvili] The Citizens' Union was created to support the head of state. I do not see anything bad in this; every party is created around the leader. For example, Jacques Chirac, who has now become president of France, is a neo-Gaullist. The Gaullists are not united through their personal subservience to De Gaulle but around those conservative ideas that the general propagated. I demand the following of the Citizens' Union: Support for Shevardnadze should be based upon an incisive party program.

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In my view, the Citizens' Union is ready to form a strong center- left party. If this happens, the Socialist Party will probably merge with it. However, the right can also support Shevardnadze. The creation of a strong center-right [party] is essential if there is to be political stability. In our time, we conducted active consultations on this score with Gia Chanturia [former chairman of the National-Democratic Party who was murdered on 3 December 1994]. However, Gia's death seriously affected the National-Democrats. The party has lost its direction and the problem of choosing a new leader has arisen....

The creation of a center-right and center-left [party] is necessary to isolate extremist forces and so that a two-party system can be established in Georgia. Ultra-nationalists and orthodox Communists should not come to power. As soon as Shevardnadze stood up against the Communists and the KGB, the radical opposition immediately joined them. When Luiza Shakiashvili [anti-Communist member of Parliament] defends Jumber Patiashvili [former Georgian Communist Party Central Committee first secretary] and Irakli Tsereteli [leader of the radical opposition National Independence Party] supports Panteleimon Giorgadze [chairman of the United Communist Party], nothing is surprising. The nationalist and communist opposition have adopted the same position, that is to say they are opposed to a presidential republic, federalism, and reforms. A little earlier, when relations between the state and the Mkhedrioni's leader [Jaba Ioseliani] became strained, the opposition tried to strengthen their positions with Jaba's military force. However, Batoni [Georgian polite form of address] Jaba himself showed sufficient bravery and did not follow the adventurists and did not form an alliance with any of the opposition parties although his deputy Vakhtang Begiashvili did join the monarchist faction.

The extremists can each have their own deputy in Parliament, but they cannot come to power. If a two-party system is established, a change of power will not result in such a cataclysm or tragedy that followed the transfer of power from the Communists to the Zviadists [supporters of ex-President Zviad Gamsakhurdia] — the country was ruined! Then, when Zviad was overthrown by new forces, this also resulted in tragedy as the nation was split! Such a thing should not happen again!

[Ramishvili] A fairly dramatic chapter in 20th century history was the "cold war." History often repeats itself. In the event of a confrontation arising between the western and eastern bloc, where do you see Georgia's place?

[Rcheulishvili] This confrontation will not be restored. Russia's defense budget amounts to only 10 percent of America's military expenditure.

We joined the CIS when the wall between the West and the East came down. Georgia joined such an organization that had warm relations with America. Moreover, I said this to John Shalikashvili. If a confrontation were nevertheless to arise between NATO and the Tashkent pact, I, Vakhtang Rcheulishvili, personally believe and can say with a certain degree of probability on behalf of Eduard Shevardnadze that Georgia's place would not be in the CIS. If they manage to change the regime, people of Panteleimon Giorgadze's ilk will come to power and then the wall will indeed be restored. However, I believe that the processes in Russia are irreversible and a reaction is not to be expected. If, nevertheless, a reaction does begin, this will destroy Russia. Russia's only salvation is through reforms.

[Ramishvili] What does the Chechen syndrome mean?

[Rcheulishvili] Chechnya shows that Russia has been unable to emerge as a powerful state, although its ambitions have remained.

[Ramishvili] How do you see the future of the Caucasus?

[Rcheulishvili] Thirty percent of the world's population live within 50 kilometers of a coastline, 50 percent within 200 kilometers, and very few in the mountains. If the mountain [people] are not provided with subsidies, they will leave the mountains or commit robberies. Therefore, the Caucasus will be most closely linked to Russia. However, if Georgia becomes strong, the fate of the Caucasus could change. Consequently, we should act very prudently; we should not overestimate our own potential and not confront an opponent that is stronger than us without taking into account our own strength.

The Caucasus should first move from a hot to a cold war, then from a cold war to a cold peace, and from a cold peace to peaceful good-neighborliness. Only then will it be possible for regional integration to begin. This process is proceeding with success in the Baltic republics.

A short time ago, Islam Karimov presented the idea of creating a united Turkistan in Central Asia. The establishment of peace in the Caucausus will open the way to Central Asia for the West. It is precisely in this context that we should view Zbigniew Brzezhinski's statement that, until the Transcaucasian republics find a common language, the West's interests in the region will be minimal.

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In this respect, it is very important for us that there is peaceful dialogue both in Transcaucasia and the northern Caucasus. Tbilisi has a very great future as the center of the Caucasian region. It is for this reason that we are trying to settle the conflict in Abkhazia by peaceful means. A military intervention in Abkhazia would mean severing all routes leading to our neighbors. This would be the end of Georgia's future. The priority of our diplomacy should be a Caucausian policy.

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Estonia

Rejection of Troop Pullout Treaty 'May Change Relations'

WS3107142395 Tallinn BNS in English 1600 GMT 28 Jul 95

[FBIS Transcribed Text] Tallinn, Jul 28, BNS — The decision of the Russian Federation Council (parliament upper house) not to ratify the treaty on troop withdrawal from Estonia may change the situation in relations between the two countries, a government spokesman in Tallinn told BNS on Friday [28 July].

"If the Federation Council sticks to its position of non-ratification, this would create a situation when discussion of the agreements by the Estonian parliament loses its topicality," the spokesman said. "There is no deep sense in dealing with a document which the other signatory refuses to approve," he explained the government's stance.

The spokesman said the Estonian government would continue to closely follow the developments in Moscow.

Also surprised at Thursday's negative vote were officials at the Russian foreign ministry, who immediately sought a second vote. Their proposal was turned down by the MPs.

The parliament upper house in Moscow is to resume discussion of the treaty in October.

A spokesman of the upper house told BNS the failure had been due to significant differences between MPs.

A unnamed member of the Federation Council, however, attributed the failed vote to coincidence.

"We are soon going to break for recess, the vote was held immediately before the end of the work day, and nobody had time to think about Estonia any more," the deputy told BNS on Thursday.

The Federation Council ratified the other agreement — on social guarantees for retired Russian military in Estonia — signed together with the troop withdrawal treaty on July 26 last year.

The parliament's lower house, the State Duma, ratified both agreements on July 21, with only a few dozen of the Duma's 450 members voting against.

The Estonian government approved the agreements on July 25 and decided to send them to the parliament for ratification. The legislature in Tallinn is expected to begin handling the treaties at the beginning of September.

Parliament Debate Agreement 'Useless'

LD3107181795 Moscow INTERFAX in English 1610 GMT 31 Jul 95

[From the "Presidential Bulletin" feature: by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] The Estonian government finds a parliamentary debate on the agreement on the withdrawal of Russian troops useless because it was turned down by the Russian Federation Council on July 27.

The Estonian government statement received by INTERFAX Monday [31 July] says: "There is no sense discussing a document which has not been approved by the opposite side."

The decision of the upper house of the Russian parliament not to ratify the agreement changed the relations between the two countries, the cabinet believes.

IF Note: The agreements on the withdrawal of troops and on the social security of Russian retired army officers living in Estonia were signed on July 26, 1994 in Moscow by the presidents of the two countries Boris Yeltsin and Lennart Meri.

The Duma ratified the agreements on July 21, 1995. On July 25 the Estonian government decided to submit them for ratification to parliament.

Meanwhile, the Federation Council approved the ratification of the agreement on social security but disagreed with the withdrawal agreement.

Latvia

Deadline Passes for Nominating Parliamentary Candidates

LD0108093495 Moscow ITAR-TASS in English 0715 GMT 1 Aug 95

[By Galina Kuchina]

[FBIS Transcribed Text] RIGA, Aug 1 (ITAR-TASS) — One of the stages of the election campaign in Latvia is drawing to an end. August 1 is the deadline set by the Central election commission to submit lists of candidates to the new parliament. Lists of parliamentary candidates had been submitted by Monday evening by 16 parties and alliances.

Sociological polls show that over 60 per cent of voters have made up their minds about the candidates they will vote for in the forthcoming elections. Around one-fifth of those polled support the Peasant union and its

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coalition which has the highest rating. In sociological surveys the Peasant union is followed by the ruling party "Latvian way" (17.4 per cent of votes) whose popularity has been weakening. The "Seimneks" democratic party, which enjoys a growing popularity among the voters, is in third place with 11.3 per cent of supporters. These three Centrist blocs are followed by national radicals.

Popular candidates have been in the lead in the lists of parliamentary candidates. The "Latvian way" is led by the now parliamentary speaker Anatolijs Gorbunovs. Gorbunovs is not the only former secretary of the Latvian communist party contesting mandates in the new parliament. The list of candidates from the "Seimneks" bloc includes Aivars Kezbers, while the Socialist party nominated Alfreds Rubiks, recently sentenced to eight years imprisonment for an attempt to overthrow the state power in 1991. Rubiks will be crossed out from the list of parliamentary candidates if the sentence remains in force after an appeal against it is made.

The Central election commission will have to give its judgment about Albert Kauls, leader of the Unity party and former adviser of the USSR president Mikhail Gorbachev. Four years ago Kauls was included in the all-Latvian public salvation committee whose members are banned to run for parliament by law. However, Kauls declared that he had not worked for the committee. He said that he was returning to big politics because he realised that the present developments in Latvia fell short of expectations. "Instead of the triumph of the ideals of freedom expected after the national upheaval all we gained was poverty and humiliation," Kauls says.

First Stock Exchange in 55 Years Opens in Riga

WS3107145595 Tallinn BNS in English
1624 GMT 30 Jul 95

[From the "Baltic Business Weekly" feature]

[FBIS Transcribed Text] Latvia opened its first fully functioning stock exchange for 55 years, since the last one was closed by the Soviet authorities. The Latvian securities market is planned to be built after the European model.

Only four companies listed and a volume of 232 shares was traded at a total value of 186.14 lats (USD 354) during the first trading day but Latvian Prime Minister Maris Gailis said much depended on the exchange's future growth. "We connect our hopes for economic development on the establishment of a securities market," Gailis said at opening ceremonies in the elegant 19th-century hall which housed Riga's first exchange.

Four joint stock companies — Saldus Oil Store, Kaija, Vitransauto and Rigas Alus (Riga Beer) quoted their securities in the Riga Stock Exchange (RSE). Face value of one share was 1 lat (about USD 2).

In addition to shares, 4,040 lats (USD 7,676) in state treasury bills were sold during the first trading. The yearly interest rate of the 1,800 bills sold was set at 19.5 percent, pay-off term — Jul. 1, 1996 and the face value of one bond — 1,000 lats.

Quotations will initially be made once a week on Tuesdays using a fixed-price mechanism and transactions will be settled four days after each trading session. The final results of the quotation will be known at 13:00 on the trading day.

The opening coincided with a major banking crisis which has shaken confidence in the country's infant post-communist financial system. The country's largest commercial bank, Banka Baltija, collapsed in May with losses of more than 200 mln lats (USD 380 mln), and almost a fifth of the population had deposits there.

But brokers and government officials are confident that the exchange will eventually soar despite its humble beginnings and the banking crisis.

"The stock market is linked to the privatisation process. As that picks up, trading will grow," Janis Naglis, Director-General of the government privatisation agency, told REUTERS agency.

He added that a number of large state enterprises, such as the Latvian Shipping Company, which is valued at USD 500 mln, are slated for privatisation, and that shares from these firms will eventually be traded on the Riga bourse. (see also the privatization section of BBW.)

One of the tasks of the Riga Stock Exchange will also be to explore a possibility to quote Russia's securities, the exchange's president Karlis Cerbulis said. He noted that Latvia's geographical position and the good relations between Latvian and Russian businessmen could promote successful development of the RSE new activities.

The Lithuanian National Stock Exchange, which was until now the only stock exchange operating in the Baltic states, does not quote Russia's securities.

Latvia is setting up its securities market after the model of continental Europe. Similar securities markets are operative in several post-socialist countries, like Poland, Lithuania and the Czech Republic.

France is assisting the development of the Latvian securities market at a request by the Baltic nation's government.

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The Riga Stock Exchange was founded as a nonprofit organization by more than 20 companies and major banks. Part of them, however, have been declared insolvent: Banka Baltija, Centra Banka and the Latvian Deposits Bank. The exchange's official registered capital is 463,500 lats.

Only two banks, Communications Bank and to-be-privatized Latvian Universal Bank, have already received dealership licenses for activities on the Latvian securities market.

The country still has not completed the legislative basis to regulate the fledgling securities market, nor has it created the related supervisory committee. Until the committee is formed, the Finance Ministry will assume the control function over the securities market.

The Riga Exchange was created on June 20, 1816, as the first exchange in Latvia and it dealt basically in commodities.

The Riga Exchange's memorandum of association was repeatedly revised and amended in 1818, 1831, 1924 and 1939. No securities market practically existed in Latvia until 1930's when the stock department opened at the Riga Exchange in 1937.

In September 1940, after the beginning of the Soviet occupation, the Riga Exchange suspended its activities.

1992 can be regarded the rebirth year of the Latvian securities market because of the restored laws of 1938 on bills of exchange and on checks. A law on privatization vouchers was also adopted in 1992.

The Riga Stock Exchange was established in 1993 but it did not beging real activities immediately. On Jan. 24, 1995, Latvia signed an agreement with the French Central Depository on assistance for launching a stock exchange and a central depositary in Latvia.

On June 27, the Latvian Central Depository was officially opened as a nonprofit organization founded by the Latvian Privatization Agency, the Riga Stock Exchange and the Latvian Savings Bank.

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